Indiana Public Retirement System

INPRS
INDIANA PUBLIC RETIREMENT SYSTEM

2013 COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2013

Actuarial Section

Introduction

Prior to July 1, 2011, the Defined Benefit retirement plans for public employees in the State of Indiana were administered by independent instrumentalities governed by separate boards of appointed trustees, including the Public Employees' Retirement Fund and the Indiana State Teachers' Retirement Fund. Legislation adopted in 2010 called for a consolidation of these entities, which began with the appointment of a joint Executive Director in May 2010, and resulted in the creation of the Indiana Public Retirement System (INPRS) effective July 1, 2011.

For the seven (7) separate Defined Benefit retirement plans administered by INPRS, there are two (2) actuaries who currently provide the actuarial services for the seven (7) Defined Benefit retirement plans as summarized below:

PricewaterhouseCoopers LLP

- Public Employees' Retirement Fund
- 1977 Police Officers' and Firefighters' Pension and Disability Fund
- Judges' Retirement System
- State Excise Police, Gaming Agent, Gaming Control Officer, and Conservation Enforcement Officers' Retirement Plan
- Prosecuting Attorneys' Retirement Fund
- Legislators' Defined Benefit Plan

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- Teachers' Retirement Fund

Accordingly, the INPRS FY2013 CAFR Actuarial Section includes an Actuary Certification Letter from each actuary for the actuarial valuations prepared as of June 30, 2013.

pwc

December 17, 2013

Board of Trustees
Indiana Public Retirement System
1 North Capitol, Suite 001
Indianapolis, IN 46204

Re: Certification of the Actuarial Valuations of the Indiana Public Retirement System as of as of June 30, 2013

Dear Board of Trustees:

Actuarial valuations are performed annually for the Indiana Public Retirement System ("INPRS") defined benefit pension plans ("Plans"). The results of the latest actuarial valuations for all plans other than the Teachers' Retirement Fund were prepared as of June 30, 2013 and are presented in individual valuation reports pursuant to the engagement letter between INPRS and PricewaterhouseCoopers LLP ("PwC"), dated June 7, 2010. The reports are intended to provide the Board of Trustees ("Board") with information on the funded status of the Plans, development of the contribution rates, and certain financial statement disclosure information.

Under Indiana statutes, employer contribution rates and amounts, as applicable, are adopted annually for each Plan by the Board. The contributions are actuarially determined based on the funding policy, actuarial assumptions, and actuarial methods adopted by the Board. Contributions determined by the actuarial valuation become effective either twelve or eighteen months after the valuation date, depending on the applicable employer. Therefore, contribution rates determined by the June 30, 2013 actuarial valuation and adopted by the Board will become effective on either July 1, 2014 or January 1, 2015. If new legislation is enacted between the valuation date and the date the contributions become effective, the Board may adjust the recommended contributions before adopting them, in order to reflect this new legislation. Such adjustments are based on information supplied by the actuary.

Financing Objectives and Funding Policy

In setting contribution levels, the Board's principal objectives have been:

- To set contributions such that the unfunded actuarial accrued liability ("UAAL") will be amortized over a period not greater than 30 years.
- To set contributions such that they remain relatively level over time.

To accomplish this, the Board's funding policy requires that employer contributions be equal to the sum of the employer normal cost (which pays the current year cost of benefits accruing) and an amortization of the UAAL in equal installments.

Progress Toward Realization of Financing Objectives

The funded ratio (the ratio of the actuarial value of assets to the actuarial accrued liability) is a standard measure of a Plan's funded status. In the absence of benefit improvements, it should increase over time, until it reaches 100%. The combined funded ratio for all Plans (excluding the Teachers' Retirement Fund) increased by 4.2% from the preceding year to 83.4%, primarily due to delayed recognition of prior asset gains from fiscal 2010 and 2011 in the Actuarial Value of Assets and additional contributions made to certain plans pursuant to 2012 House Bill 1376.

Benefit Provisions

The benefit provisions reflected in the valuation reports are those which were in effect at June 30, 2013, as set forth in the related Indiana statutes. Material changes in benefit provisions since the 2012 valuation include the decision to modify ASA annuitizations for Public Employees' Retirement Fund (PERF) starting October 1, 2014 and amending several features of Prosecuting Attorneys' Retirement Fund to be similar to Judges' Retirement System pursuant to 2013 House Bill 1057. There were no other material changes in benefit provisions since the 2012 valuations.

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pwc

Assets and Member Data

The valuations were based on asset values of the trust funds and member census data as of June 30, 2013. All asset information and member data were provided by INPRS. While certain checks for reasonableness were performed, the data was used unaudited. The accuracy of the results presented in the reports is dependent upon the accuracy and completeness of the underlying asset and census information.

Actuarial Assumptions and Methods

The majority of the actuarial assumptions used in the June 30, 2013 valuations were adopted by the Board pursuant to the Experience Studies completed in September 2011, which reflected the experience period from July 1, 2005 through June 30, 2010, and were first used in the June 30, 2011 valuation. The actuarial assumptions for interest rate and mortality were updated for the June 30, 2012 valuation. Minor assumptions were updated for the June 30, 2013 valuation including the interest rate on member account balances and assumptions for Prosecuting Attorneys' Retirement Fund due to plan changes. The actuarial assumptions and methods are summarized in the Actuarial Assumptions and Methods section of each valuation report. We believe the actuarial assumptions and methods are reasonable for the purposes of the valuation reports and comply with the parameters set forth in Statements No. 25 and No. 27 of the Governmental Accounting Standards Board ("GASB"). Different assumptions and methods may be reasonable for other purposes. As such, the results presented in the valuation reports should only be relied upon for the intended purpose.

Certification

We certify that the information presented herein is accurate and fairly portrays the actuarial position of each Plan administered by INPRS (other than the Teachers' Retirement Fund) as of June 30, 2013 based on the underlying census data, asset information and selected assumptions and methods.

This report contains the required accounting information to be included in the Comprehensive Annual Financial Report. This information has been prepared in accordance with our understanding of Governmental Accounting Standards No. 25 and No. 27 (as amended by No. 50). This report does not contain accounting information prepared in accordance with Governmental Accounting Standards No. 67 and No. 68, which will become effective for financial statements for fiscal years beginning after June 15, 2013 and June 15, 2014, respectively.

To the best of our knowledge this actuarial statement is complete and accurate and has been prepared in accordance with generally accepted actuarial principles and practice and with the Actuarial Standards of Practice issued by the Actuarial Standards Board. In our opinion, our calculations also comply with our understanding of the requirements of Indiana state law. The undersigned actuaries are members of the Society of Actuaries and other professional organizations, including the American Academy of Actuaries, and meet the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States relating to pension plans. There is no relationship between the PwC practitioners involved in this engagement and INPRS that may impair our objectivity.

This document was not intended or written to be used, and it cannot be used, for the purpose of avoiding U.S. federal, state, or local tax penalties. This includes penalties that may apply if the transaction that is the subject of this document is found to lack economic substance or fails to satisfy any other similar rule of law. This document has been prepared pursuant to an engagement letter between INPRS and PwC, and is intended solely for the use and benefits of INPRS and not for reliance by any other person.

Respectfully submitted,

Cindy Fraterrigo

Ms. Cindy Fraterrigo
Member, American Academy of Actuaries
Fellow of the Society of Actuaries
Enrolled Actuary (No. 11-06229)

Sheldon A. Gamzon

Mr. Sheldon Gamzon
Member, American Academy of Actuaries
Fellow of the Society of Actuaries
Enrolled Actuary (No. 11-03238)

Brandon A. Robertson

Mr. Brandon Robertson
Member, American Academy of Actuaries
Associate of the Society of Actuaries
Enrolled Actuary (No. 11-07568)

December 17, 2013

The Board of Trustees
Indiana Public Retirement System
Indianapolis, IN

Dear Board Members:

An actuarial valuation is prepared annually for the Indiana State Teachers' Retirement Fund. Submitted in this report are the results of the June 30, 2013 actuarial valuation.

Census Data and Asset Information
The member census data and the asset information for this valuation were furnished by the Chief Financial Officer and Staff. Their efforts and cooperation in furnishing these materials are acknowledged with appreciation. We did not audit the information provided, but we did review it thoroughly for reasonableness and compared it with the prior year's submission for consistency.

Assumptions and Methods
The majority of the actuarial assumptions used in the June 30, 2013 valuation were adopted by the Board pursuant to the Experience Study completed in June 2012, which reflected the experience period from July 1, 2007 to June 30, 2011. The interest rate and mortality assumptions were approved by the Board on June 29, 2012 for first use in the 2012 valuation. Assumptions are summarized in the Assumptions and Methods section of this report. These assumptions and methods have been used to develop the Annual Required Contribution and are consistent with the accounting requirements detailed in GASB Statements No. 25, No. 27, and No. 50.

Funding Objective
The Indiana State Teachers' Retirement Fund Pre-1996 Account is funded on a pay-as-you-go basis from the State of Indiana.

The funding objective of the Indiana State Teachers' Retirement Fund 1996 Account is to establish and receive contributions that, when invested at the assumed rate of return, will ultimately accumulate assets over each member's working lifetime that will be sufficient to pay expected retirement allowances. As such, an employer contribution rate is calculated each year. That rate is then considered in conjunction with the goal of maintaining a relatively stable contribution over time.

Fund Structure
The Indiana State Teachers' Retirement Fund (TRF) is one fund comprised of a two-account structure in compliance with Indiana Code Section 5-10.4-2-2:

1. The Pre-1996 Account consists of members who were hired prior to July 1, 1995, and who have maintained continuous employment with the same school corporation or covered institution since that date.

2. The 1996 Account consists of members who were:
    a. hired on or after July 1, 1995; or
    b. hired before July 1, 1995, and prior to June 30, 2005:
        i. were either hired by another school corporation or institution covered by TRF, or
        ii. were re-hired by a covered prior employer.

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Characteristics of the Pre-1996 Account

1. Active membership in the Pre-1996 Account continues to decline as members quit, become disabled, die, or retire.

2. The Defined Benefits from the Pre-1996 Account are funded by State appropriations (including contributions of some revenue from the State Lottery). At the time of retirement, Annuity Savings Account (ASA) benefits payable from the Pre-1996 Account are funded by the annuitization of Pre-1996 Account member contributions.

Characteristics of the 1996 Account

1. As members depart from active service in the Pre-1996 Account, their replacements will become members of the 1996 Account. If the 1996 Account were a stand-alone plan, this pattern of departures and hirings would produce a fairly constant population size.

2. Defined Benefits payable from the 1996 Account are funded by contributions from local school corporations or other institutions that employ covered members. At the time of retirement, ASA benefits payable from the 1996 Account are funded by the annuitization of 1996 Account member contributions.

Funding Arrangements

Prior to the legislation that established the two-account structure of TRF, the Defined Benefits of the Indiana State Teachers' Retirement Fund were funded with a pay-as-you-go method. Under this arrangement, amounts were appropriated to meet the current year's pension payment requirements. Defined Benefits payable from the Pre-1996 Account continue to be funded on this basis.

In 1995, the Pension Stabilization Fund was set up for the Pre-1996 Account. Since then, some pre-funding progress has been made via State appropriations to this account.

Defined Benefits payable from the 1996 Account are funded through employer percent-of-pay contributions. The Board of the Indiana Public Retirement System sets this contribution rate after reviewing the most recent actuarial valuation report.

The contribution rate of 7.50% for fiscal year 2014 was set by the Board in fiscal year 2013 for the 1996 Account. The contribution rate of 7.50% for fiscal year 2015 was set by the Board in fiscal year 2014.

Progress Toward Realization of Financing Objectives

The funded ratio (the ratio of the actuarial value of assets to the actuarial accrued liability) is a standard measure of a Plan's funded status. In the absence of benefit improvements, it should increase over time, until it reaches 100%. The total funded ratio for the Plan (Pre-1996 Account and 1996 Account combined) increased by 3.0%, to 45.7% from 42.7% for the preceding year due primarily to additional funding by the State under HB 1376 and 2010 – 2013 investment returns being higher than the actuarial assumed returns.

The funded ratio of the Pre-1996 Account (pay-as-you-go) increased to 31.8% from 30.1% for the preceding year. Based on the actuarial assumptions, it is anticipated that the Pre-1996 Account will attain 100% funded status in FY2036.

The funded ratio of the 1996 Account increased to 93.8% from 90.7% for the preceding year. Based on the actuarial assumptions, it is anticipated that the 1996 Account will attain 100% funded status in FY2021.

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Certification
We have included several schedules and exhibits in this report, including the following:
Summary of Actuarial Assumptions and Methods
Analysis of Financial Experience
Solvency Test
Schedule of Active Members' Valuation Data
Schedule of Retired Members and Beneficiaries
Schedule of Funding Progress
Schedule of Employer Contributions

The valuation was completed under the supervision of a Member of the American Academy of Actuaries with significant experience in valuing employee retirement systems, and was prepared using generally accepted actuarial principles and in accordance with standards of practice prescribed by the Actuarial Standards Board. To the best of our knowledge, this report is complete and accurate and the actuarial methods and assumptions produce results that are reasonable.

Respectfully submitted,

John L. Dowell, FSA, EA, MAAA

Michael Zurek, EA, MAAA

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Summary of INPRS Funded Status

(dollars in millions)

Defined Benefit Retirement Plan	Actuarial Valuation as of June 30, 2013: Actuarial Accrued Liability	Actuarial Valuation as of June 30, 2013: Actuarial Value of Assets	Actuarial Valuation as of June 30, 2013: Unfunded Actuarial Accrued Liability	Actuarial Valuation as of June 30, 2013: Actuarial Funded Status	Actuarial Valuation as of June 30, 2012: Actuarial Accrued Liability	Actuarial Valuation as of June 30, 2012: Actuarial Value of Assets	Actuarial Valuation as of June 30, 2012: Unfunded Actuarial Accrued Liability	Actuarial Valuation as of June 30, 2012: Actuarial Funded Status
Public Employees' Retirement Fund	$ 16,145.7	$ 12,947.3	$ 3,198.4	80.2%	$ 15,784.2	$ 12,088.2	$ 3,696.0	76.6%
Teachers' Retirement Fund (TRF) – 1996 Account	4,749.3	4,453.8	295.5	93.8	4,338.3	3,936.4	401.9	90.7
1977 Police Officers' and Firefighters' Pension and Disability Fund	4,392.9	4,180.7	212.2	95.2	4,122.4	3,786.6	335.8	91.9
Judges' Retirement System[1]	453.1	381.2	71.9	84.1	437.9	260.1	177.8	59.4
State Excise Police, Gaming Agent, Gaming Control Officer, and Conservation Enforcement Officers' Retirement Plan[1]	118.1	98.6	19.5	83.5	113.3	76.0	37.3	67.1
Prosecuting Attorneys' Retirement Fund[1]	62.0	48.8	13.2	78.7	56.1	27.5	28.6	49.0
Legislators' Defined Benefit Plan	4.3	3.4	0.9	79.8	4.5	3.4	1.1	75.0
Total INPRS (Excluding TRF Pre-1996 Account)	**$ 25,925.4**	**$ 22,113.8**	**$ 3,811.6**	**85.3%**	**$ 24,856.7**	**$ 20,178.2**	**$ 4,678.5**	**81.2%**
Teachers' Retirement Fund – Pre-1996 Account (Pay-As-You-Go)	16,462.4	5,235.1	11,227.3	31.8	16,522.0	4,978.1	11,543.9	30.1
Total INPRS (Including TRF Pre-1996 Account)	**$ 42,387.8**	**$ 27,348.9**	**$ 15,038.9**	**64.5%**	**$ 41,378.7**	**$ 25,156.3**	**$ 16,222.4**	**60.8%**
Memo:								
Total Teachers' Retirement Fund	$ 21,211.7	$ 9,688.9	$ 11,522.8	45.7%	$ 20,860.3	$ 8,914.5	$ 11,945.8	42.7%

[1]In accordance with Legislation passed during March 2012, the State appropriated additional monies during FY2013 to reach a funded status of 80.0 percent based on the actuarial valuations as of June 30, 2012, for the following three (3) retirement plans:
Judges' Retirement System – $90.2 million
State Excise Police, Gaming Agent, Gaming Control Officer, and Conservation Enforcement Officers' Retirement Plan – $14.6 million
Prosecuting Attorneys' Retirement Fund – $17.4 million

Sensitivity of Actuarial Valuations to Changes in Assumed Investment Return – Interest Rate

INPRS Management and the INPRS Board continually monitor the Investment Return - Interest Rate assumption on an annual basis and make changes in this assumption as appropriate. The INPRS Board last changed the assumption in June 2012, reducing the assumption from 7.0 percent to 6.75 percent.

To illustrate the importance of the Investment Return - Interest Rate assumption, which is used to discount the actuarial liabilities of the INPRS Defined Benefit retirement plans, the Unfunded Actuarial Accrued Liability and Funded Status are shown below at 6.75 percent (current assumption), 7.5 percent (0.75 percentage point increase), and 8.0 percent (1.25 percentage point increase).

- PERF = Public Employees' Retirement Fund
- TRF = Teachers' Retirement Fund
- 1977 Fund = 1977 Police Officers' and Firefighters' Pension and Disability Fund
- JRS = Judges' Retirement System
- EG&C Plan = State Excise Police, Gaming Agent, Gaming Control Officer, and Conservation Enforcement Officers' Retirement Plan
- PARF = Prosecuting Attorneys' Retirement Fund
- LEDB Plan = Legislators' Defined Benefit Plan

(dollars in millions)	Current Assumption (6.75%)		0.75% Increase (7.5%)		1.25% Increase (8.0%)	
Defined Benefit Retirement Plan	**Unfunded Actuarial Accrued Liability**	**Funded Status**	**Unfunded Actuarial Accrued Liability[1]**	**Funded Status**	**Unfunded Actuarial Accrued Liability[1]**	**Funded Status**
PERF	$ 3,198.4	80.2%	$ 2,154.8	85.7%	$ 1,528.2	89.4%
TRF – 1996 Account	295.5	93.8	(124.3)	102.9	(377.8)	109.3
1977 Fund	212.2	95.2	(249.1)	106.3	(519.2)	114.2
JRS	71.9	84.1	36.1	91.4	14.6	96.3
EG&C Plan	19.5	83.5	9.4	91.3	3.4	96.7
PARF	13.2	78.7	8.3	85.5	5.4	90.1
LEDB Plan	0.9	79.8	0.7	84.1	0.5	87.0
Total INPRS (Excluding TRF Pre-1996 Account)	**$ 3,811.6**	**85.3%**	**$ 1,835.9**	**92.3%**	**$ 655.1**	**97.1%**
TRF – Pre-1996 Account (Pay-As-You-Go)	11,227.3	31.8	10,265.1	33.8	9,659.1	35.1
Total INPRS (Including TRF Pre-1996 Account)	**$ 15,038.9**	**64.5%**	**$12,101.0**	**69.3%**	**$ 10,314.2**	**72.6%**
Memo: Total TRF	$ 11,522.8	45.7%	$10,140.8	48.9%	$ 9,281.3	51.1%

[1]( ) = Funding Surplus

Analysis of Financial Experience

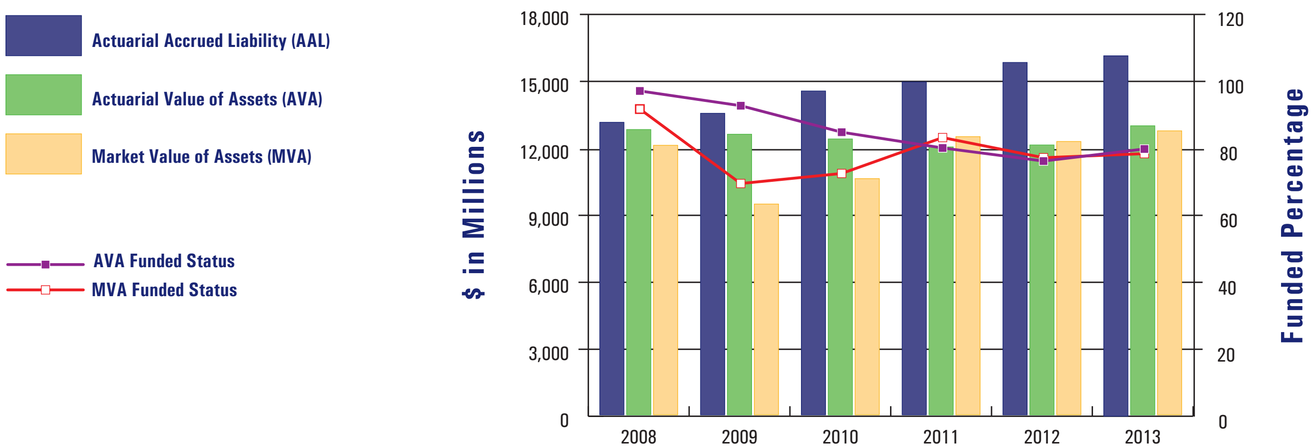
(dollars in thousands)

Defined Benefit Retirement Plans	June 30, 2012 UAAL[1]	(Gain) / Loss Actuarial Value of Assets Experience	Actuarial Accrued Liabilities Experience[2]	Amortization of Existing Bases[3]	Actuarial Assumption & Methodology Changes[4]	Plan Provision Changes[5]	June 30, 2013 UAAL
Public Employees' Retirement Fund	$ 3,696,015	$ (285,828)	$ 3,050	$ (47,354)	$ -	$ (167,486)	$ 3,198,397
Teachers' Retirement Fund							
Pre-1996 Account	11,543,908	(94,113)	(40,719)	(181,801)	52,418	(52,418)	11,227,275
1996 Account	401,854	(85,500)	(15,995)	(4,819)	34,003	(34,003)	295,540
Total Teachers' Retirement Fund	11,945,762	(179,613)	(56,714)	(186,620)	86,421	(86,421)	11,522,815
1977 Police Officers' and Firefighters' Pension and Disability Fund	335,841	(75,192)	(39,521)	(4,075)	(4,810)	-	212,243
Judges' Retirement System	177,758	6,315	(13,483)	(98,906)	186	-	71,870
State Excise Police, Gaming Agent, Gaming Control Officer, and Conservation Enforcement Officers' Retirement Plan	37,276	239	(1,845)	(16,140)	(41)	-	19,489
Prosecuting Attorneys' Retirement Fund	28,579	845	1,474	(18,958)	(108)	1,346	13,178
Legislators' Defined Benefit Plan	1,126	(93)	(134)	(32)	-	-	867
Total INPRS	$16,222,357	$ (533,327)	$ (107,173)	$ (372,085)	$ 81,648	$ (252,561)	$15,038,859

[1]UAAL: Unfunded Actuarial Accrued Liabilities
[2]Actuarial Accrued Liabilities Experience includes:
- For PERF, TRF, and EG&C, a one-time payment (i.e., 13th Check) was paid to benefit recipients in August/September 2013 in lieu of the 1.0 percent COLA assumption.
- For 1977 Fund, a 1.7 percent COLA was paid to benefit recipients in July 2013, rather than the assumed COLA of 2.25 percent.
- For JRS, a 3.1 percent COLA was paid to benefit recipients in July 2013, rather than the assumed COLA of 4.0 percent.
- For the LEDB Plan, there was no COLA paid to benefit recipients versus than the assumed COLA of 1.0 percent.
[3]Amortization of Existing Bases includes State appropriations of $328,965 thousand received during FY2013 for TRF, JRS, EG&C, and PARF in accordance with Legislation passed during March 2012.
[4]Actuarial Assumption and Methodology Assumption Changes include:
- For TRF, recognition of the cost of future Annuity Savings Account (ASA) conversions to annuities at 7.5 percent versus the valuation interest rate of 6.75 percent.
- For 1977 Fund, JRS, EG&C, and PARF, the interest crediting rate on member contribution balances was changed to 3.5 percent.
[5]Plan Provision Changes include:
- For PERF and TRF, the liability associated with expected annuitization of Annuity Savings Account (ASA) balances was eliminated as of June 30, 2013, due to the Board's decision to modify ASA annuitizations starting October 1, 2014.
- For PARF, several features of the Plan were amended to be similar to JRS in accordance with Legislation passed during March 2013.

INPRS
INDIANA PUBLIC RETIREMENT SYSTEM

Historical Summary of Actuarial Valuation Results by Retirement Plan



(dollars in millions)	Fiscal Year Ended June 30					
	2008	2009	2010	2011	2012	2013
Actuarial Accrued Liability (AAL)	$ 13,103.2	$ 13,506.2	$ 14,506.1	$ 14,913.1	$ 15,784.2	$ 16,145.7
Actuarial Value of Assets (AVA)	$ 12,780.1	$ 12,569.3	$ 12,357.2	$ 12,000.6	$ 12,088.2	$ 12,947.3
Unfunded Liability (AAL - AVA)	**$ 323.1**	**$ 936.9**	**$ 2,148.9**	**$ 2,912.5**	**$ 3,696.0**	**$ 3,198.4**
AVA Funded Status (AVA / AAL)	**97.5%**	**93.1%**	**85.2%**	**80.5%**	**76.6%**	**80.2%**
Market Value of Assets (MVA)	$ 12,073.5	$ 9,442.3	$ 10,581.3	$ 12,461.4	$ 12,243.8	$ 12,720.6
MVA Funded Status (MVA / AAL)	92.1%	69.9%	72.9%	83.6%	77.6%	78.8%

Summary of Actuarial Assumptions and Methods as of June 30, 2013

The actuarial assumptions and methods used in the June 30, 2013 valuation of the Public Employees' Retirement Fund were adopted by the INPRS Board in February 2013. The majority of the actuarial assumptions and methods are based on plan experience from July 1, 2005 through June 30, 2010, which were adopted by the INPRS Board in September 2011, and were first used in the June 30, 2011 valuation. The interest rate / investment return and mortality assumptions were updated for the June 30, 2012 valuation.

Changes in Actuarial Assumptions

For the actuarial valuation as of June 30, 2013, there were no changes to the actuarial assumptions from the actuarial valuation as of June 30, 2012.

Changes in Actuarial Methods

For the actuarial valuation as of June 30, 2013, there were no changes to the actuarial methods from the actuarial valuation as of June 30, 2012.

Actuarial Assumptions

Economic Assumptions

Interest Rate / Investment Return:	6.75 percent (net of administrative and investment expenses)
Cost of Living Increases:	1.0 percent per year in retirement
Future Salary Increases:	Based on 2005-2010 experience. Illustrative rates shown below:

Age	Inflation	Productivity, Merit, and Promotion	Total Individual Salary Growth
< 31	3.00%	1.50%	4.50%
31-45	3.00	1.00	4.00
46-60	3.00	0.50	3.50
> = 61	3.00	0.25	3.25

Inflation:	3.0 percent per year

Demographic Assumptions

Mortality (Healthy and Disabled):	2013 IRS Static Mortality projected five (5) years with Scale AA
Retirement:	Based on PERF experience 2005-2010. Illustrative rates shown below:

	Years of Service				
Age	10	15	20	30	31 +
50	-%	4%	4%	4%	4%
55	-	7	7	12	7
60	-	10	10	10	10
65	30	30	30	30	30
70	25	25	25	25	25
75+	100	100	100	100	100

Summary of Actuarial Assumptions and Methods as of June 30, 2013, continued

Termination:

Select and ultimate tables based on 2005-2010 experience. Illustrative rates shown below:

State (Male)
Earnings < $20,000

	Years of Service					
Age	**0**	**1**	**2**	**3**	**4**	**5+**
20	57%	40%	23%	19%	17%	13%
30	56	34	21	17	15	11
40	55	29	18	15	13	9
50	55	24	15	13	11	6
60+	55	20	12	10	9	4

State (Male)
Earnings >= $20,000

	Years of Service					
Age	**0**	**1**	**2**	**3**	**4**	**5+**
20	43%	26%	13%	10%	9%	7%
30	39	20	12	9	8	6
40	36	16	11	8	7	5
50	36	14	9	7	7	4
60+	37	13	8	6	6	3

State (Female)
Earnings < $20,000

	Years of Service					
Age	**0**	**1**	**2**	**3**	**4**	**5+**
20	57%	40%	26%	26%	21%	16%
30	54	36	23	23	19	14
40	54	32	20	19	16	11
50	54	29	17	15	13	8
60+	54	25	15	11	11	6

State (Female)
Earnings >= $20,000

	Years of Service					
Age	**0**	**1**	**2**	**3**	**4**	**5+**
20	43%	25%	14%	14%	11%	8%
30	36	22	13	12	10	7
40	35	19	12	10	9	6
50	35	17	10	9	7	5
60+	36	16	9	7	6	4

Political Subdivisions (Male)
Earnings < $20,000

	Years of Service					
Age	**0**	**1**	**2**	**3**	**4**	**5+**
20	33%	25%	13%	12%	10%	7%
30	29	21	11	10	9	6
40	28	17	10	8	8	5
50	26	14	8	7	6	4
60+	25	11	6	5	5	3

Summary of Actuarial Assumptions and Methods as of June 30, 2013, continued

Political Subdivisions (Male)
Earnings >= $20,000

	Years of Service					
Age	0	1	2	3	4	5+
20	30%	19%	7%	7%	5%	4%
30	22	14	7	6	5	4
40	22	11	6	5	4	3
50	21	10	5	5	4	3
60+	20	9	4	4	3	2

Political Subdivisions (Female)
Earnings < $20,000

	Years of Service					
Age	0	1	2	3	4	5+
20	36%	30%	16%	12%	11%	8%
30	32	25	14	11	10	7
40	32	21	12	10	9	5
50	31	18	9	8	7	4
60+	30	14	7	6	5	3

Political Subdivisions (Female)
Earnings >= $20,000

	Years of Service					
Age	0	1	2	3	4	5+
20	31%	21%	10%	8%	7%	4%
30	24	16	9	7	6	4
40	23	14	8	6	5	3
50	23	12	7	6	5	3
60+	23	11	6	5	4	2

Disability:

Based on 2000 - 2005 experience for males and 1995 - 2000 experience for females.

Recent experience has been consistent.

Illustrative rates shown below:

Age	Male	Female
20	0.007%	0.005%
30	0.021	0.016
40	0.065	0.050
50	0.201	0.156
60	0.622	0.488
70	0.100	0.100
80	0.000	0.000

Summary of Actuarial Assumptions and Methods as of June 30, 2013, continued

Spouse/Beneficiary: 75 percent of male members and 60 percent of female members are assumed to be married and or to have a dependent beneficiary. Male members are assumed to be three (3) years older than their spouses and female members are assumed to be two (2) years younger than their spouses.

ASA Withdrawal: For active members who are expected to terminate prior to becoming vested (before 10 years of service), 100 percent of such members are assumed to withdraw their ASA balance immediately upon termination. For all other active members, it is assumed that 50 percent of such members withdraw their ASA balance immediately upon termination and 50 percent of such members annuitize their ASA balance upon commencement of their employer funded annuity benefit.

For inactive members who are not vested, 100 percent of such members are assumed to withdraw their ASA balance immediately. For inactive members who are vested, it is assumed that 50 percent of such members withdraw their ASA balance immediately and 50 percent of such members annuitize their ASA balance upon commencement of their employer funded annuity benefit.

Actuarial Methods

Actuarial Cost Method: Entry Age Normal – Level Percent of Payroll

The normal cost is calculated separately for each active member and is equal to the level percentage of payroll needed as an annual contribution from entry age to retirement age to fund projected benefits. The actuarial accrued liability on any valuation date is the accumulated value of such normal costs from entry age to the valuation date.

Gains and losses occurring from census experience different than assumed, assumption changes, and benefit changes are amortized over a 30-year period with level payments each year. A new gain or loss base is established each year based on the additional gain or loss during that year and that base is amortized over a new 30-year period. The purpose of the method is to give a smooth progression of the costs from year-to-year and, at the same time, provide for an orderly funding of the unfunded liabilities.

Asset Valuation Method: The Actuarial Value of Assets (AVA) is equal to a four-year smoothing of gains and losses on the Market Value of Assets (MVA), subject to a 20 percent corridor. Accordingly, the AVA is limited to no more than 20 percent greater than or 20 percent less than the MVA.

Analysis of Financial Experience

(dollars in thousands)

	UAAL
Unfunded Actuarial Accrued Liability (UAAL): June 30, 2012	**$ 3,696,015**
UAAL (Gain) / Loss	
Actuarial Value of Assets Experience	(285,828)
Actuarial Accrued Liabilities Experience[1]	3,050
Amortization of Existing Bases	(47,354)
Actuarial Assumption & Methodology Changes	-
Plan Provision Changes[2]	(167,486)
Unfunded Actuarial Accrued Liability (UAAL): June 30, 2013	**$ 3,198,397**

[1]Actuarial Accrued Liabilities Experience includes a gain of approximately $30,150 thousand for retired members being provided a one-time (13th check) in September 2013, rather than a 1.0 percent COLA on January 1, 2014.

[2]Plan Provision Changes include the additional liability associated with the expected annuitization of Annuity Savings Account (ASA) balances being eliminated as of June 30, 2013, due to the Board's decision to modify ASA annuitizations starting October 1, 2014.

Solvency Test

(dollars in thousands)

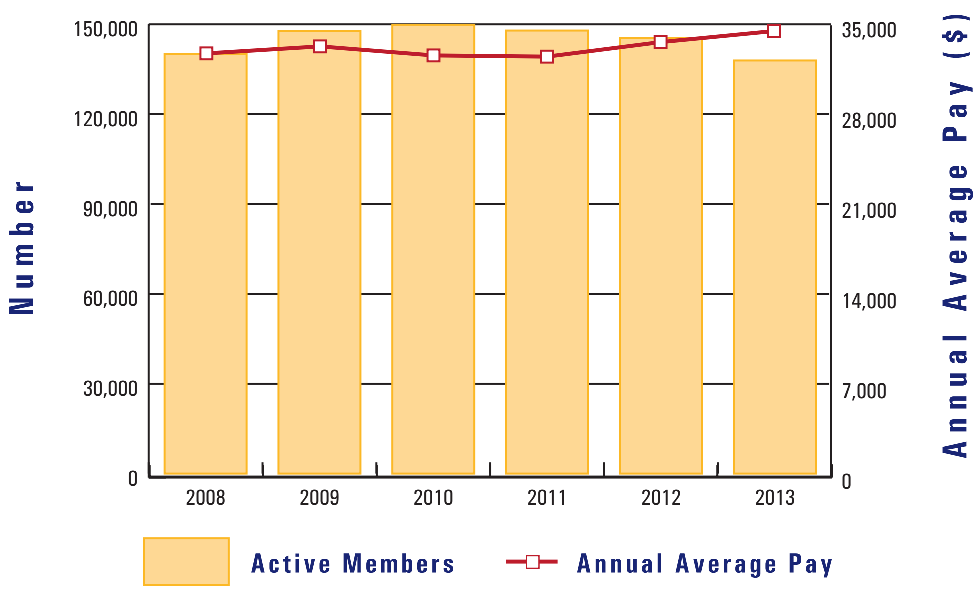
Fiscal Year Ended June 30	Actuarial Accrued Liabilities					Portion of Actuarial Accrued Liabilities Covered by Assets			
	Active Member Contributions	Retirees and Beneficiaries	Active Member (Employer Financed Portion)	Total Actuarial Accrued Liabilities	Actuarial Value of Assets	Active Member Contributions	Retirees and Beneficiaries	Active Member (Employer Financed Portion)	Total Actuarial Accrued Liabilities
2008	$ 2,694,331	$ 4,227,366	$ 6,181,524	$ 13,103,221	$ 12,780,116	100.0%	100.0%	94.8%	97.5%
2009	2,669,318	4,611,257	6,225,705	13,506,280	12,569,336	100.0	100.0	85.0	93.1
2010	2,780,570	4,931,592	6,793,890	14,506,052	12,357,199	100.0	100.0	68.4	85.2
2011	2,805,023	5,370,786	6,737,338	14,913,147	12,000,586	100.0	100.0	56.8	80.5
2012	2,749,449	5,895,779	7,139,012	15,784,240	12,088,225	100.0	100.0	48.2	76.6
2013	2,796,103	6,367,819	6,981,759	16,145,681	12,947,283	100.0	100.0	54.2	80.2

Schedule of Active Members Valuation Data

(dollars in thousands – except annual average pay)

Fiscal Year Ended June 30	Active Members	Annual Payroll	Annual Average Pay	Annual Percent Increase / (Decrease) In Average Pay
2008	140,146	$ 4,600,354	$ 32,825	3.9 %
2009	147,792	4,931,423	33,367	1.7
2010	149,877	4,896,013	32,667	(2.1)
2011	147,933	4,818,774	32,574	(0.3)
2012	145,519	4,904,052	33,700	3.5
2013	137,937	4,766,910	34,559	2.5

Total Number of Active Members Per Year and Annual Average Pay

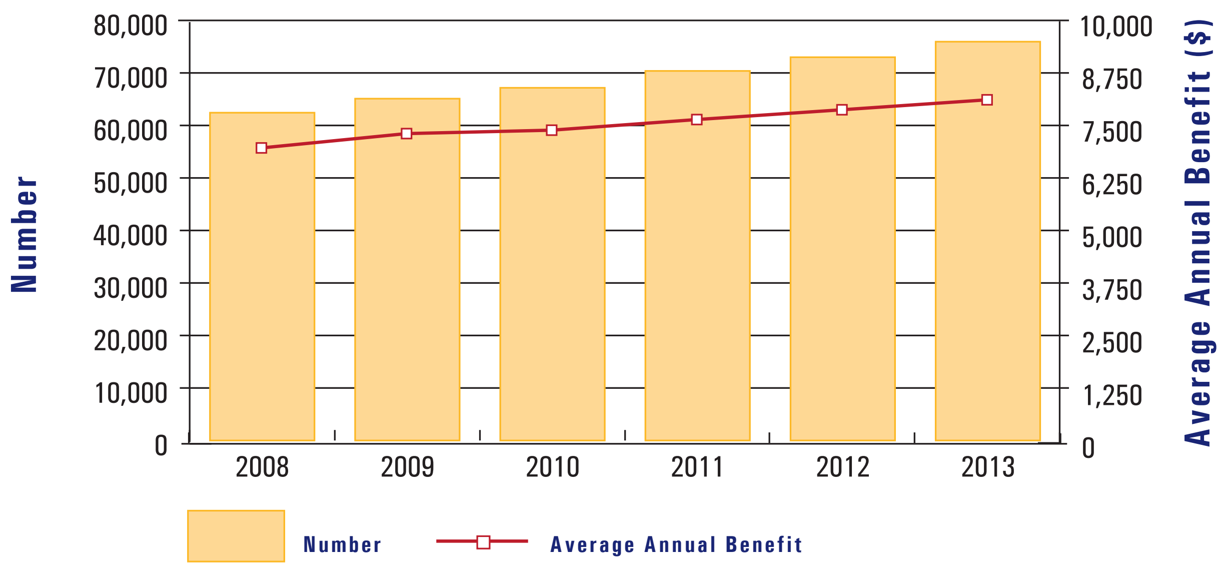


(dollars in thousands – except average annual benefit)

Fiscal Year Ended June 30	Added to Rolls: Number	Added to Rolls: Annual Benefits	Removed from Rolls: Number	Removed from Rolls: Annual Benefits	Rolls – End of Year: Number	Rolls – End of Year: Total Annual Benefits[1]	Percent Increase / (Decrease) in Total Annual Benefits	Average Annual Benefit[2]
2008	5,376	$ 43,915	3,284	$ 18,022	62,424	$ 436,749	5.8%	$ 6,996
2009	6,047	55,726	3,372	19,103	65,099	477,553	9.3	7,336
2010	4,827	39,214	2,760	19,022	67,166	498,199	4.3	7,417
2011	5,402	56,185	2,188	11,698	70,380	539,747	8.3	7,669
2012	4,751	49,766	2,139	12,540	72,992	576,678	6.8	7,901
2013	5,231	55,523	2,273	13,898	75,950	617,977	7.2	8,137

[1]*End of year annual benefits are not equal to prior end of year annual benefits plus additions less removals due to beneficiary benefit changes, data changes, and COLA increases.*
[2]*Average annual benefit includes member annuities.*

Total Number of Retirants and Beneficiaries Per Year and Average Annual Benefit



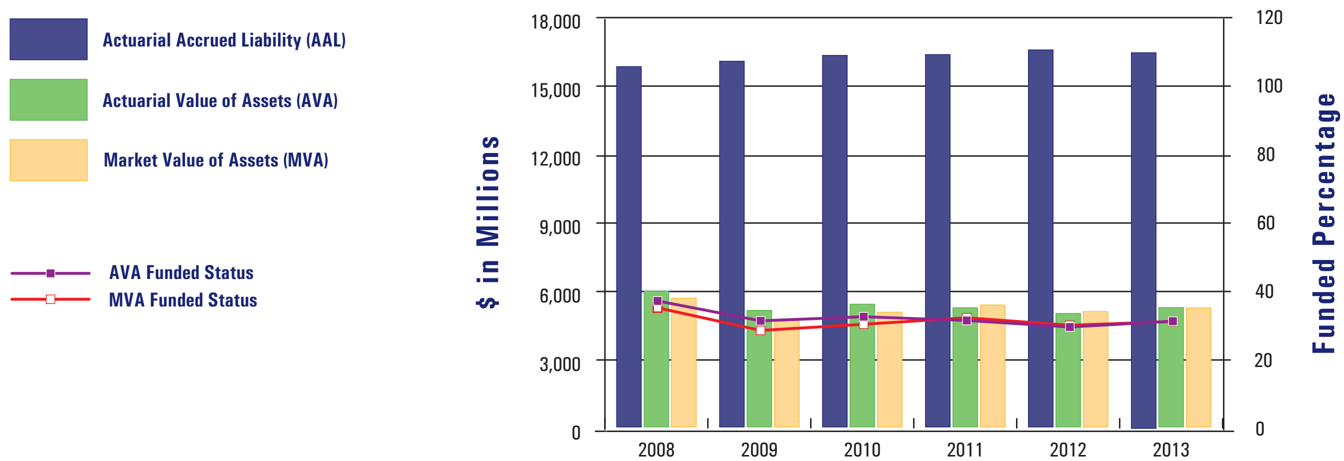
Changes in Plan Provisions

For the June 30, 2013 valuation, the following plan provision changes were incorporated:

- The liability associated with expected annuitization of Annuity Savings Account (ASA) balances was eliminated as of June 30, 2013, due to the Board's decision to modify ASA annuitizations starting October 1, 2014.
- Beginning March 1, 2013, new PERF State employees have the option to participate in the PERF ASA-Only Plan instead of the PERF Hybrid Plan.

Historical Summary of Actuarial Valuation Results by Retirement Plan

Pre-1996 Account

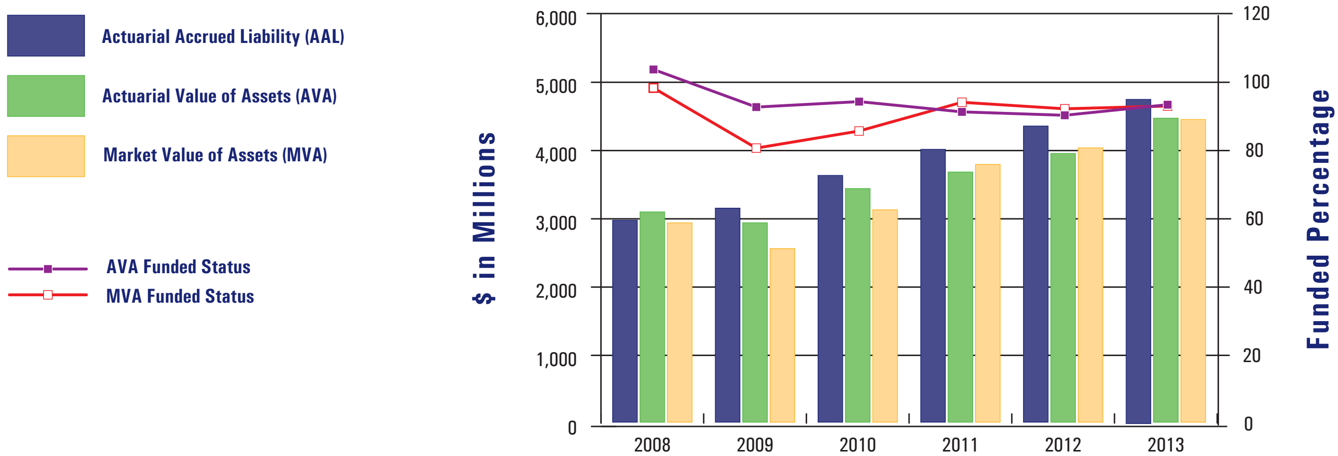


(dollars in millions)

	Fiscal Year Ended June 30					
	2008	2009	2010	2011	2012	2013
Actuarial Accrued Liability (AAL)	$ 15,792.3	$ 16,027.1	$ 16,282.1	$ 16,318.4	$ 16,522.0	$ 16,462.4
Actuarial Value of Assets (AVA)	$ 5,954.0	$ 5,109.1	$ 5,382.4	$ 5,227.4	$ 4,978.1	$ 5,235.1
Unfunded Liability (AAL - AVA)	**$ 9,838.3**	**$ 10,918.0**	**$10,899.7**	**$ 11,091.0**	**$11,543.9**	**$ 11,227.3**
AVA Funded Status (AVA / AAL)	**37.7%**	**31.9%**	**33.1%**	**32.0%**	**30.1%**	**31.8%**
Market Value of Assets (MVA)	$ 5,644.2	$ 4,655.9	$ 5,029.5	$ 5,345.9	$ 5,058.9	$ 5,215.2
MVA Funded Status (MVA / AAL)	35.7%	29.1%	30.9%	32.8%	30.6%	31.7%

Historical Summary of Actuarial Valuation Results by Retirement Plan, continued

1996 Account

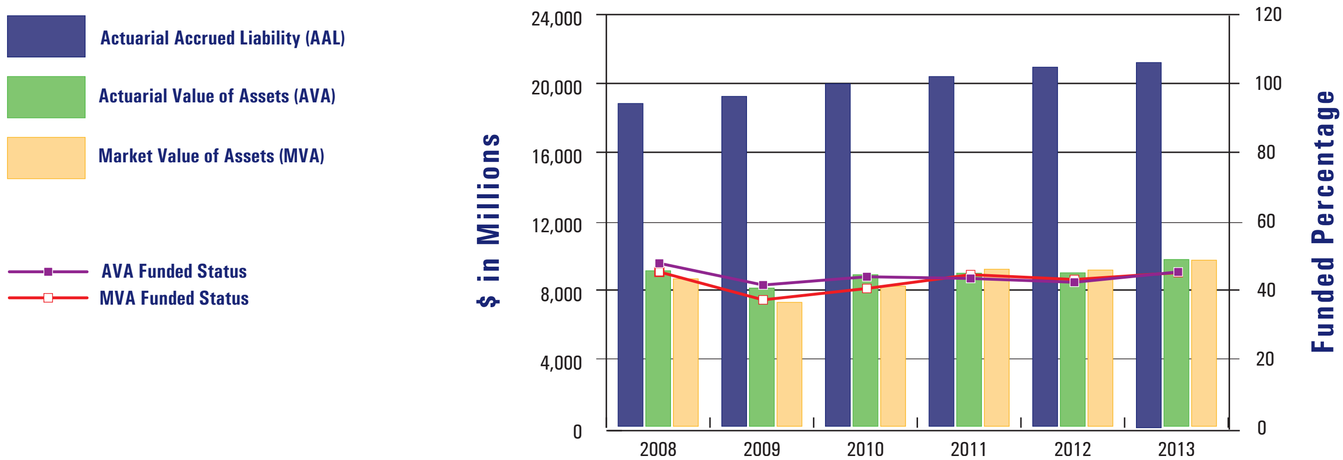


(dollars in millions)

	Fiscal Year Ended June 30					
	2008	2009	2010	2011	2012	2013
Actuarial Accrued Liability (AAL)	$ 2,957.8	$ 3,135.5	$ 3,614.6	$ 3,996.8	$ 4,338.3	$ 4,749.3
Actuarial Value of Assets (AVA)	$ 3,080.1	$ 2,920.7	$ 3,422.6	$ 3,664.6	$ 3,936.4	$ 4,453.8
Unfunded Liability (AAL - AVA)	$ (122.3)	$ 214.8	$ 192.0	$ 332.2	$ 401.9	$ 295.5
AVA Funded Status (AVA / AAL)	104.1%	93.1%	94.7%	91.7%	90.7%	93.8%
Market Value of Assets (MVA)	$ 2,919.8	$ 2,543.2	$ 3,111.3	$ 3,775.8	$ 4,018.2	$ 4,433.7
MVA Funded Status (MVA / AAL)	98.7%	81.1%	86.1%	94.5%	92.6%	93.4%

Historical Summary of Actuarial Valuation Results by Retirement Plan, continued

Total



(dollars in millions)

	Fiscal Year Ended June 30					
	2008	2009	2010	2011	2012	2013
Actuarial Accrued Liability (AAL)	$ 18,750.1	$ 19,162.6	$ 19,896.7	$ 20,315.2	$ 20,860.3	$ 21,211.7
Actuarial Value of Assets (AVA)	$ 9,034.1	$ 8,029.8	$ 8,805.0	$ 8,892.0	$ 8,914.5	$ 9,688.9
Unfunded Liability (AAL - AVA)	**$ 9,716.0**	**$ 11,132.8**	**$11,091.7**	**$ 11,423.2**	**$11,945.8**	**$ 11,522.8**
AVA Funded Status (AVA / AAL)	**48.2%**	**41.9%**	**44.3%**	**43.8%**	**42.7%**	**45.7%**
Market Value of Assets (MVA)	$ 8,564.0	$ 7,199.1	$ 8,140.8	$ 9,121.7	$ 9,077.1	$ 9,648.9
MVA Funded Status (MVA / AAL)	45.7%	37.6%	40.9%	44.9%	43.5%	45.5%

Summary of Actuarial Assumptions and Methods as of June 30, 2013

The actuarial assumptions and methods used in the June 30, 2013 valuation of the Teachers' Retirement Fund were adopted by the INPRS Board in February 2013. The majority of the actuarial assumptions and methods are based on plan experience from July 1, 2007 through June 30, 2011, which were adopted by the INPRS Board in June 2012, and were first used in the June 30, 2012 valuation. The interest rate / investment return and mortality assumptions were updated for the June 30, 2012 valuation.

Changes in Actuarial Assumptions

For the actuarial valuation as of June 30, 2013, there were no changes to the actuarial assumptions from the actuarial valuation as of June 30, 2012.

Changes in Actuarial Methods

For the actuarial valuation as of June 30, 2013, there were no changes to the actuarial methods from the actuarial valuation as of June 30, 2012.

Actuarial Assumptions

Economic Assumptions

Interest Rate / Investment Return: 6.75 percent (net of administrative and investment expenses)

Cost of Living Increases: 1.0 percent per year in retirement

Future Salary Increases: Based on TRF 2007-2011 experience. Illustrative rates shown below:

Years of Service	Inflation	Merit and Seniority	Total Individual Salary Growth
1	3.00%	9.50%	12.50%
5	3.00	4.00	7.00
10	3.00	2.75	5.75
15	3.00	1.50	4.50
20	3.00	0.25	3.25
25	3.00	-	3.00
30	3.00	-	3.00
35	3.00	-	3.00
40	3.00	-	3.00

Inflation: 3.0 percent per year

Summary of Actuarial Assumptions and Methods as of June 30, 2013, continued

Demographic Assumptions

Mortality (Healthy and Disabled): 2013 IRS Static Mortality projected five (5) years with Scale AA

Retirement: Based on TRF 2007-2011 experience. Sample probabilities are shown below:

Regular Retirement		Rule of 85 Retirement		Early Retirement	
Age	Probability	Age	Probability	Age	Probability
				50-53	2.0%
				54	5.0
		55	10.0%	55	5.0
		56	10.0	56	5.0
		57	10.0	57	5.0
		58	12.5	58	5.0
		59	15.0	59	10.0
60	17.5%	60	17.5		
61	20.0	61	20.0		
62	25.0	62	25.0		
63	25.0	63	25.0		
64	25.0	64	25.0		
65	30.0	65	30.0		
66	30.0	66	30.0		
67	30.0	67	30.0		
68	30.0	68	30.0		
69	30.0	69	30.0		
70	100.0	70	100.0		

Termination: Based on TRF 2007-2011 experience. Sample probabilities are shown below:

Service Based			Age Based[1]		
Years of Service	Male	Female	Attained Age	Male	Female
0	35.0%	35.0%	25	2.0%	3.5%
1	14.0	14.0	30	2.0	3.5
2	11.0	11.0	35	2.0	3.0
3	8.0	9.0	40	2.0	2.0
4	6.0	8.0	45	2.0	2.0
5	4.5	7.0	50	2.0	2.0
6	4.0	6.0	55	2.0	2.0
7	4.0	5.0	60	2.0	2.0
8	3.5	4.5			
9	3.5	4.0			

[1]Age-based rates apply only if 10 or more years of service.

Summary of Actuarial Assumptions and Methods as of June 30, 2013, continued

Disability: Based on TRF 2007-2011 experience. Sample probabilities are shown below:

Age	Male	Female
25	0.01%	0.01%
30	0.01	0.01
35	0.01	0.01
40	0.01	0.01
45	0.02	0.02
50	0.05	0.05
55	0.09	0.09
60	0.10	0.10

Spouse/Beneficiary: 100 percent of members are assumed to be married for purposes of valuing death-in-service benefits.

Male spouses are assumed to be three (3) years older than female spouses.

Actuarial Methods

Actuarial Cost Method: Entry Age Normal – Level Percent of Payroll

The normal cost is calculated separately for each active member and is equal to the level percentage of payroll needed as an annual contribution from entry age to retirement age to fund projected benefits. The actuarial accrued liability on any valuation date is the accumulated value of such normal costs from entry age to the valuation date.

Gains and losses occurring from census experience different than assumed, assumption changes, and benefit changes are amortized over a 30-year period with level payments each year. A new gain or loss base is established each year based on the additional gain or loss during that year and that base is amortized over a new 30-year period. The purpose of the method is to give a smooth progression of the costs from year-to-year and, at the same time, provide for an orderly funding of the unfunded liabilities.

Asset Valuation Method: The Actuarial Value of Assets (AVA) is equal to a four-year smoothing of gains and losses on the Market Value of Assets (MVA), subject to a 20 percent corridor. Accordingly, the AVA is limited to no more than 20 percent greater than or 20 percent less than the MVA.

Analysis of Financial Experience

(dollars in thousands)

	Pre-1996 Account	1996 Account	Total
Unfunded Actuarial Accrued Liability (UAAL): June 30, 2012	**$ 11,543,908**	**$ 401,854**	**$ 11,945,762**
UAAL (Gain) / Loss			
Actuarial Value of Assets Experience	(94,113)	(85,500)	(179,613)
Actuarial Accrued Liabilities Experience[1]	(40,719)	(15,995)	(56,714)
Amortization of Existing Bases[2]	(181,801)	(4,819)	(186,620)
Actuarial Assumption & Methodology Changes[3]	52,418	34,003	86,421
Plan Provision Changes[4]	(52,418)	(34,003)	(86,421)
Unfunded Actuarial Accrued Liability (UAAL): June 30, 2013	**$ 11,227,275**	**$ 295,540**	**$ 11,522,815**

[1] Actuarial Accrued Liabilities Experience includes a gain of approximately $75,119 thousand for retired members being provided a one-time (13th check) in August 2013, rather than a 1.0 percent COLA on January 1, 2014.
[2] Includes a State appropriation of $206,796 thousand received during FY2013 in accordance with Legislation passed in March 2012.
[3] Actuarial methodology change for recognition of the cost of future Annuity Savings Account (ASA) conversions to annuities at 7.5 percent versus the valuation interest rate of 6.75 percent.
[4] Plan Provision Changes include the additional liability associated with the expected annuitization of Annuity Savings Account (ASA) balances being eliminated as of June 30, 2013, due to the Board's decision to modify ASA annuitizations starting October 1, 2014.

Solvency Test

(dollars in thousands)

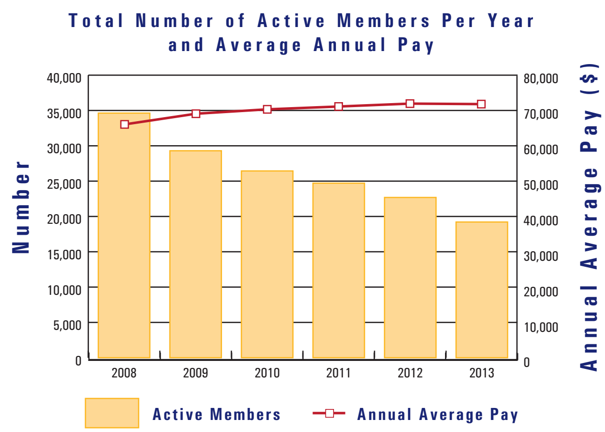
Fiscal Year Ended June 30	Actuarial Accrued Liabilities: Active Member Contributions	Actuarial Accrued Liabilities: Retirees and Beneficiaries	Actuarial Accrued Liabilities: Active Member (Employer Financed Portion)	Actuarial Accrued Liabilities: Total Actuarial Accrued Liabilities	Actuarial Value of Assets	Portion of Actuarial Accrued Liabilities Covered by Assets: Active Member Contributions	Portion of Actuarial Accrued Liabilities Covered by Assets: Retirees and Beneficiaries	Portion of Actuarial Accrued Liabilities Covered by Assets: Active Member (Employer Financed Portion)	Portion of Actuarial Accrued Liabilities Covered by Assets: Total Actuarial Accrued Liabilities
Pre-1996 Account									
2008	$ 2,613,138	$ 7,244,422	$ 5,934,745	$ 15,792,305	$ 5,953,991	100.0%	46.1%	0.0%	37.7%
2009	2,389,886	7,891,346	5,745,861	16,027,093	5,109,086	100.0	34.5	0.0	31.9
2010	2,353,715	8,153,240	5,775,111	16,282,066	5,382,410	100.0	37.1	0.0	33.1
2011	2,015,580	8,776,916	5,525,908	16,318,404	5,227,402	100.0	36.6	0.0	32.0
2012	1,782,353	9,451,792	5,287,870	16,522,015	4,978,107	100.0	33.8	0.0	30.1
2013	1,636,978	10,254,953	4,570,448	16,462,379	5,235,104	100.0	35.1	0.0	31.8
1996 Account									
2008	$ 649,840	$ 514,933	$ 1,792,985	$ 2,957,758	$ 3,080,057	100.0%	100.0%	100.0%	104.1%
2009	655,843	432,942	2,046,748	3,135,533	2,920,735	100.0	100.0	89.5	93.1
2010	750,575	483,117	2,380,867	3,614,559	3,422,554	100.0	100.0	91.9	94.7
2011	840,341	562,445	2,594,053	3,996,839	3,664,657	100.0	100.0	87.2	91.7
2012	882,942	662,558	2,792,809	4,338,309	3,936,455	100.0	100.0	85.6	90.7
2013	975,309	798,486	2,975,573	4,749,368	4,453,828	100.0	100.0	90.1	93.8
Total									
2008	$ 3,262,978	$ 7,759,355	$ 7,727,730	$ 18,750,063	$ 9,034,048	100.0%	74.4%	0.0%	48.2%
2009	3,045,729	8,324,288	7,792,609	19,162,626	8,029,821	100.0	59.9	0.0	41.9
2010	3,104,290	8,636,357	8,155,978	19,896,625	8,804,964	100.0	66.0	0.0	44.3
2011	2,855,921	9,339,361	8,119,961	20,315,243	8,892,059	100.0	64.6	0.0	43.8
2012	2,665,295	10,114,350	8,080,679	20,860,324	8,914,562	100.0	61.8	0.0	42.7
2013	2,612,287	11,053,439	7,546,021	21,211,747	9,688,932	100.0	64.0	0.0	45.7

Schedule of Active Members Valuation Data

(dollars in thousands – except annual average pay)

Pre-1996 Account

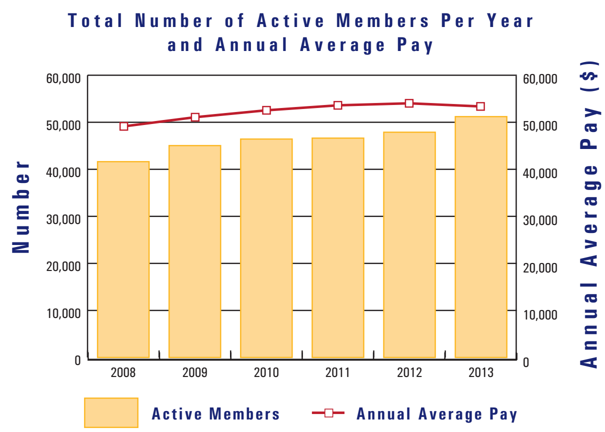
Fiscal Year Ended June 30	Active Members	Annual Payroll	Annual Average Pay	Annual Percent Increase / (Decrease) In Average Pay
2008	34,628	$ 2,295,816	$ 66,299	1.9 %
2009	29,297	2,030,484	69,307	4.5
2010	26,439	1,865,102	70,544	1.8
2011	24,710	1,762,750	71,338	1.1
2012	22,688	1,637,066	72,156	1.1
2013	19,210	1,383,428	72,016	(0.2)



(dollars in thousands – except annual average pay)

1996 Account

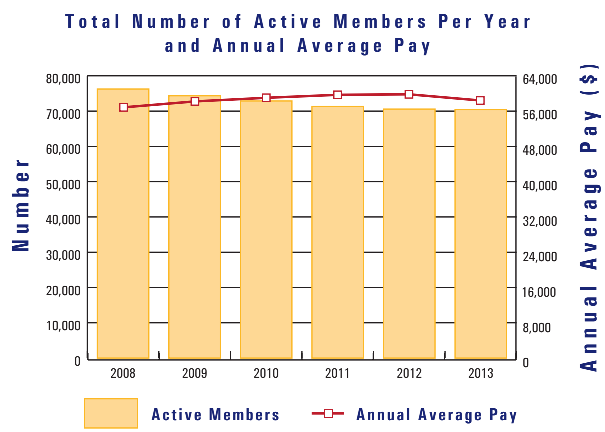
Fiscal Year Ended June 30	Active Members	Annual Payroll	Annual Average Pay	Annual Percent Increase / (Decrease) In Average Pay
2008	41,628	$ 2,052,720	$ 49,311	2.5 %
2009	45,046	2,308,548	51,249	3.9
2010	46,433	2,447,509	52,711	2.9
2011	46,633	2,507,193	53,764	2.0
2012	47,885	2,594,952	54,191	0.8
2013	51,204	2,740,940	53,530	(1.2)



(dollars in thousands – except annual average pay)

Total

Fiscal Year Ended June 30	Active Members	Annual Payroll	Annual Average Pay	Annual Percent Increase / (Decrease) In Average Pay
2008	76,256	$ 4,348,536	$ 57,025	1.3 %
2009	74,343	4,339,032	58,365	2.3
2010	72,872	4,312,611	59,181	1.4
2011	71,343	4,269,943	59,851	1.1
2012	70,573	4,232,018	59,967	0.2
2013	70,414	4,124,368	58,573	(2.3)



Schedule of Retirants and Beneficiaries

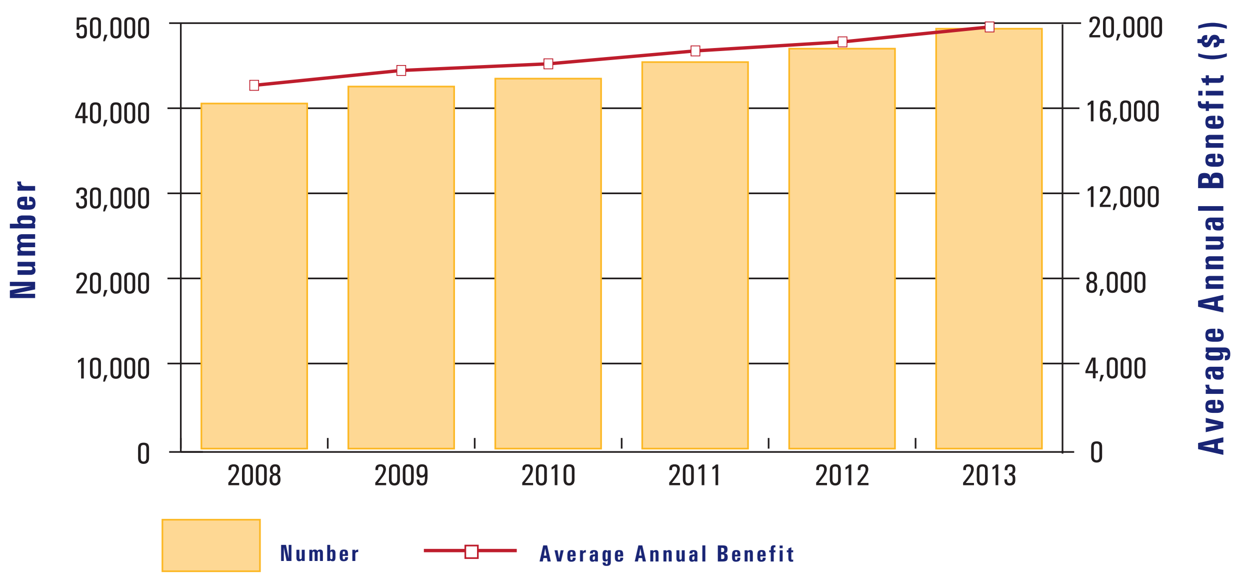
Pre-1996 Account

(dollars in thousands – except average annual benefit)

	Added to Rolls		Removed from Rolls		Rolls – End of Year			
Fiscal Year Ended June 30	Number	Annual Benefits	Number	Annual Benefits	Number	Total Annual Benefits[1]	Percent Increase / (Decrease) in Total Annual Benefits	Average Annual Benefit[2]
2008[3]	2,296	$ 52,167	966	$ 11,026	40,554	$ 701,155	6.5%	$ 17,289
2009[3]	2,344	56,819	929	11,062	42,548	762,067	8.7	17,911
2010	1,940	47,657	1,010	11,982	43,478	790,773	3.8	18,188
2011	3,003	77,290	1,060	13,121	45,421	850,711	7.6	18,729
2012	2,541	63,923	962	12,216	47,000	898,006	5.6	19,107
2013	3,422	93,605	1,077	14,524	49,345	973,635	8.4	19,731

[1]End of year annual benefits are not equal to prior end of year annual benefits plus additions less removals due to beneficiary benefit changes, data changes, and COLA increases.
[2]Average annual benefit includes member annuities.
[3]The end of year number of benefit recipients are not equal to prior end of year number of benefit recipients plus additions less removals due to reclassifications between Pre-1996 Account and 1996 Account.

Total Number of Retirants and Beneficiaries Per Year and Average Annual Benefit



Schedule of Retirants and Beneficiaries, continued

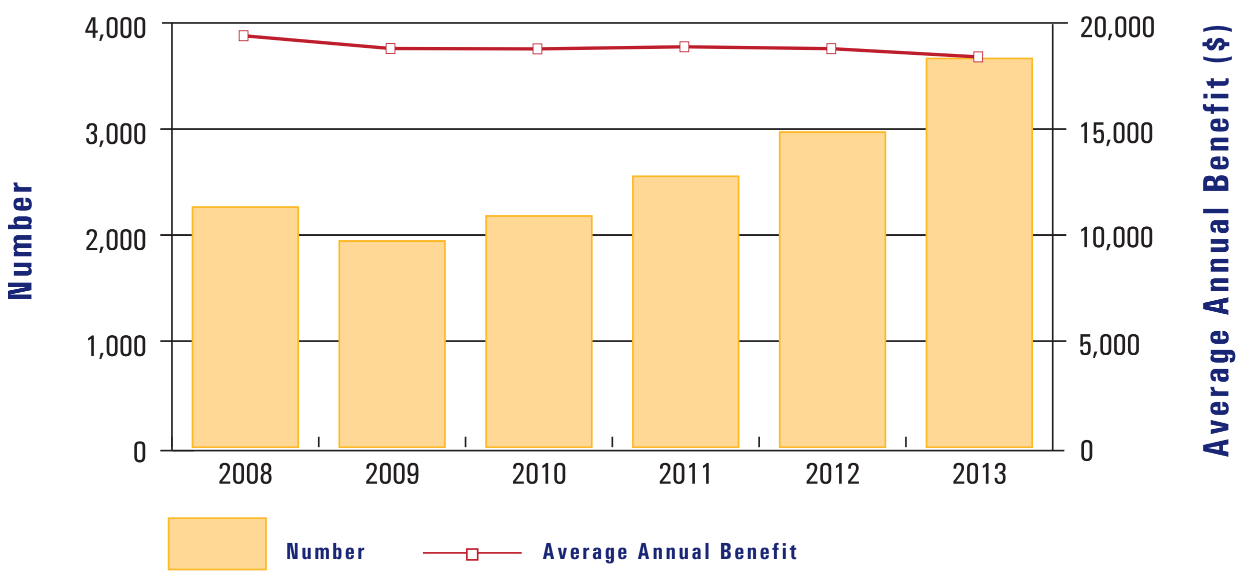
1996 Account

(dollars in thousands – except average annual benefit)

	Added to Rolls		Removed from Rolls		Rolls – End of Year			
Fiscal Year Ended June 30	Number	Annual Benefits	Number	Annual Benefits	Number	Total Annual Benefits[1]	Percent Increase / (Decrease) in Total Annual Benefits	Average Annual Benefit[2]
2008[3]	255	$ 5,126	21	$ 316	2,263	$ 43,482	17.5%	$ 19,214
2009[3]	270	5,145	10	119	1,944	36,312	(16.5)	18,679
2010	249	4,859	12	129	2,181	40,701	12.1	18,662
2011	390	7,666	17	253	2,554	47,887	17.7	18,750
2012	433	8,132	16	236	2,971	55,475	15.8	18,672
2013	712	12,216	18	251	3,665	67,169	21.1	18,327

[1]End of year annual benefits are not equal to prior end of year annual benefits plus additions less removals due to beneficiary benefit changes, data changes, and COLA increases.
[2]Average annual benefit includes member annuities.
[3]The end of year number of benefit recipients are not equal to prior end of year number of benefit recipients plus additions less removals due to reclassifications between Pre-1996 Account and 1996 Account.

Total Number of Retirants and Beneficiaries Per Year and Average Annual Benefit



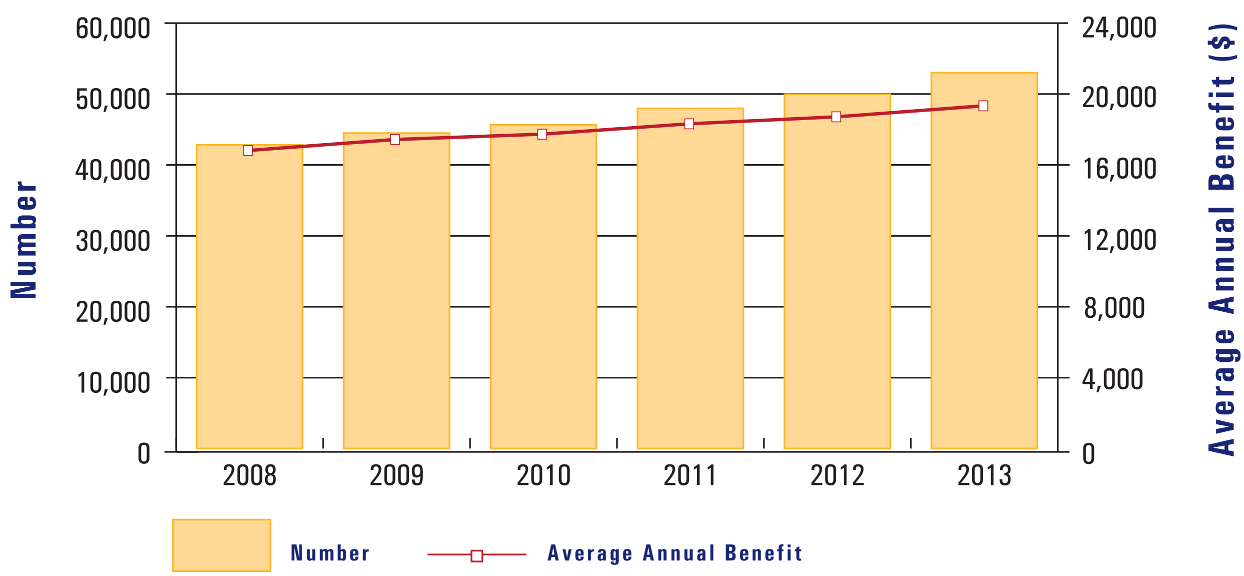
Total

(dollars in thousands – except average annual benefit)

Fiscal Year Ended June 30	Added to Rolls: Number	Added to Rolls: Annual Benefits	Removed from Rolls: Number	Removed from Rolls: Annual Benefits	Rolls – End of Year: Number	Rolls – End of Year: Total Annual Benefits[1]	Percent Increase / (Decrease) in Total Annual Benefits	Average Annual Benefit[2]
2008	2,551	$ 57,293	987	$ 11,342	42,817	$ 744,637	7.1%	$ 17,391
2009	2,614	61,964	939	11,181	44,492	798,379	7.2	17,944
2010	2,189	52,516	1,022	12,111	45,659	831,474	4.1	18,211
2011	3,393	84,956	1,077	13,374	47,975	898,598	8.1	18,731
2012	2,974	72,055	978	12,452	49,971	953,481	6.1	19,081
2013	4,134	105,821	1,095	14,775	53,010	1,040,804	9.2	19,634

[1]End of year annual benefits are not equal to prior end of year annual benefits plus additions less removals due to beneficiary benefit changes, data changes, and COLA increases.
[2]Average annual benefit includes member annuities.

Total Number of Retirants and Beneficiaries Per Year and Average Annual Benefit



Changes in Plan Provisions

For the June 30, 2013 valuation, the following plan provision change was incorporated:

- The liability associated with expected annuitization of Annuity Savings Account (ASA) balances was eliminated as of June 30, 2013, due to the Board's decision to modify ASA annuitizations starting October 1, 2014.

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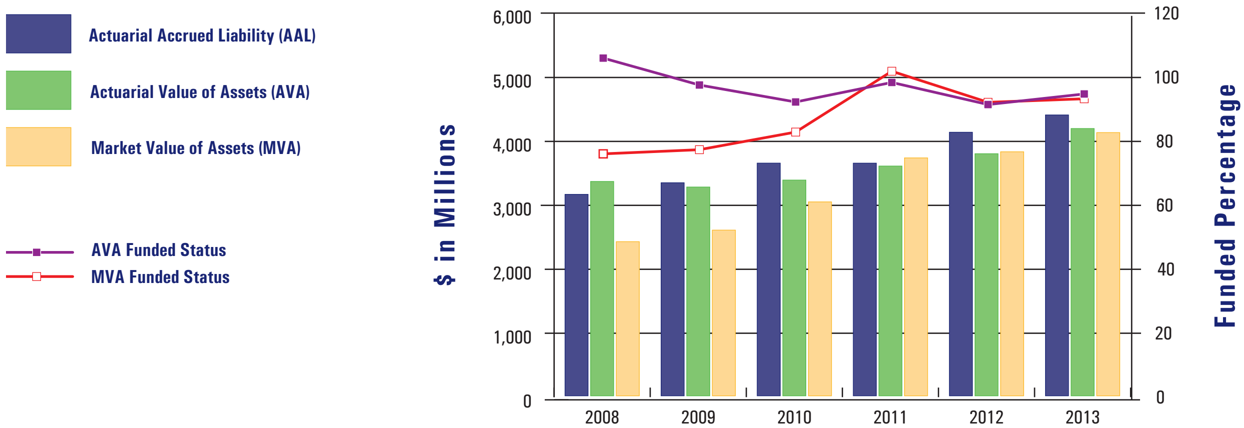
INDIANA PUBLIC RETIREMENT SYSTEM

Historical Summary of Actuarial Valuation Results by Retirement Plan



(dollars in millions)	Fiscal Year Ended June 30					
	2008	2009	2010	2011	2012	2013
Actuarial Accrued Liability (AAL)	$ 3,150.8	$ 3,332.7	$ 3,639.6	$ 3,639.0	$ 4,122.4	$ 4,392.9
Actuarial Value of Assets (AVA)	$ 3,352.7	$ 3,265.6	$ 3,374.4	$ 3,593.8	$ 3,786.6	$ 4,180.7
Unfunded Liability (AAL - AVA)	**$ (201.9)**	**$ 67.1**	**$ 265.2**	**$ 45.2**	**$ 335.8**	**$ 212.2**
AVA Funded Status (AVA / AAL)	**106.4 %**	**98.0%**	**92.7%**	**98.8%**	**91.9%**	**95.2%**
Market Value of Assets (MVA)	$ 2,410.8	$ 2,591.7	$ 3,033.3	$ 3,721.4	$ 3,817.0	$ 4,116.9
MVA Funded Status (MVA / AAL)	76.5 %	77.8%	83.3%	102.3%	92.6%	93.7%

INPRS
INDIANA PUBLIC RETIREMENT SYSTEM

Summary of Actuarial Assumptions and Methods as of June 30, 2013

The actuarial assumptions and methods used in the June 30, 2013 valuation of the 1977 Police Officers' and Firefighters' Pension and Disability Fund were adopted by the INPRS Board in February 2013. The majority of the actuarial assumptions and methods are based on plan experience from July 1, 2005 through June 30, 2010, which were adopted by the INPRS Board in September 2011, and were first used in the June 30, 2011 valuation. The interest rate / investment return and mortality assumptions were updated for the June 30, 2012 valuation.

Changes in Actuarial Assumptions

For the actuarial valuation as of June 30, 2013, the interest crediting rate assumption on member contribution balances was lowered from 5.5 percent to 3.5 percent.

Changes in Actuarial Methods

For the actuarial valuation as of June 30, 2013, there were no changes to the actuarial methods from the actuarial valuation as of June 30, 2012.

Actuarial Assumptions

Economic Assumptions

Interest Rate / Investment Return:	6.75 percent (net of administrative and investment expenses)
Interest on Member Contributions:	3.5 percent per year
Cost of Living Increases:	2.25 percent per year in retirement
Future Salary Increases:	3.25 percent per year
Inflation:	3.0 percent per year

Demographic Assumptions

Mortality (Healthy and Disabled):	2013 IRS Static Mortality projected five (5) years with Scale AA
Retirement:	Based on 2005-2010 experience. Illustrative rates shown below:

Ages	Service <32	Service >=32
45-51	10%	100%
52-57	10	20
58-61	15	20
62-64	20	20
65-69	50	50
70+	100	100

Summary of Actuarial Assumptions and Methods as of June 30, 2013, continued

Termination:

Based on 2005-2010 experience. Illustrative rates shown below:

Service	Rate	Service	Rate
0	40.0%	7-9	2.0%
1	20.0	10-14	1.5
2	5.0	15-19	1.0
3	4.0	20+	1.5
4	3.5		
5	3.0		
6	2.5		

Disability:

Based on 2005-2010 experience. Illustrative rates shown below:

Age	Rate
20	0.000%
25	0.075
30	0.150
35	0.200
40	0.400
45+	0.700

Spouse/Beneficiary:

80 percent of male members and 50 percent of female members are assumed to be married or to have a dependent beneficiary. Male members are assumed to be three (3) years older than females and female members are assumed to be the same age as males.

Disability Retirement:

For members hired after 1989 that become disabled, impairments are assumed to be 45 percent Class 1 (at 65 percent of salary), 10 percent Class 2 (at 50 percent of salary), and 45 percent Class 3 (at 36 percent of salary).

Pre-Retirement Death:

Of active member deaths, 10 percent are assumed to be in the line of duty and 90 percent are other than in the line of duty. Additionally, all deaths among retired and disabled members are other than in the line of duty.

Summary of Actuarial Assumptions and Methods as of June 30, 2013, continued

Actuarial Methods

Actuarial Cost Method:	Entry Age Normal – Level Percent of Payroll The normal cost is calculated separately for each active member and is equal to the level percentage of payroll needed as an annual contribution from entry age to retirement age to fund projected benefits. The actuarial accrued liability on any valuation date is the accumulated value of such normal costs from entry age to the valuation date. Gains and losses occurring from census experience different than assumed, assumption changes, and benefit changes are amortized over a 30-year period with level payments each year. A new gain or loss base is established each year based on the additional gain or loss during that year and that base is amortized over a new 30-year period. The purpose of the method is to give a smooth progression of the costs from year-to-year and, at the same time, provide for an orderly funding of the unfunded liabilities.
Asset Valuation Method:	The Actuarial Value of Assets (AVA) is equal to a four-year smoothing of gains and losses on the Market Value of Assets (MVA), subject to a 20 percent corridor. Accordingly, the AVA is limited to no more than 20 percent greater than or 20 percent less than the MVA.

Analysis of Financial Experience

(dollars in thousands)

		UAAL
Unfunded Actuarial Accrued Liability (UAAL): June 30, 2012	**$**	**335,841**
UAAL (Gain) / Loss		
Actuarial Value of Assets Experience		(75,192)
Actuarial Accrued Liabilities Experience[1]		(39,521)
Amortization of Existing Bases		(4,075)
Actuarial Assumption & Methodology Changes[2]		(4,810)
Plan Provision Changes		-
Unfunded Actuarial Accrued Liability (UAAL): June 30, 2013	**$**	**212,243**

[1]Actuarial Accrued Liabilities Experience includes a gain of approximately $6,159 thousand for a COLA of 1.7 percent effective July 1, 2013, rather than the assumed COLA of 2.25 percent.
[2]Actuarial assumption change that reduces the interest crediting rate on member contribution balances from 5.5 percent to 3.5 percent.

Solvency Test

(dollars in thousands)

Fiscal Year Ended June 30	Actuarial Accrued Liabilities				Actuarial Value of Assets	Portion of Actuarial Accrued Liabilities Covered by Assets			
	Active Member Contributions	Retirees and Beneficiaries	Active Member (Employer Financed Portion)	Total Actuarial Accrued Liabilities		Active Member Contributions	Retirees and Beneficiaries	Active Member (Employer Financed Portion)	Total Actuarial Accrued Liabilities
2007[1]	$ 498,662	$ 655,827	$ 1,734,806	$ 2,889,295	$ 3,281,480	100.0%	100.0%	100.0%	113.6%
2008[1]	534,303	765,909	1,850,615	3,150,827	3,352,705	100.0	100.0	100.0	106.4
2009	571,534	793,167	1,967,985	3,332,686	3,265,598	100.0	100.0	96.6	98.0
2010	634,865	859,626	2,145,178	3,639,669	3,374,438	100.0	100.0	87.6	92.7
2011	679,849	970,676	1,988,431	3,638,956	3,593,787	100.0	100.0	97.7	98.8
2012	728,892	1,135,538	2,258,006	4,122,436	3,786,595	100.0	100.0	85.1	91.9
2013	782,124	1,288,457	2,322,366	4,392,947	4,180,704	100.0	100.0	90.9	95.2

[1] *As of December 31 instead of June 30.*

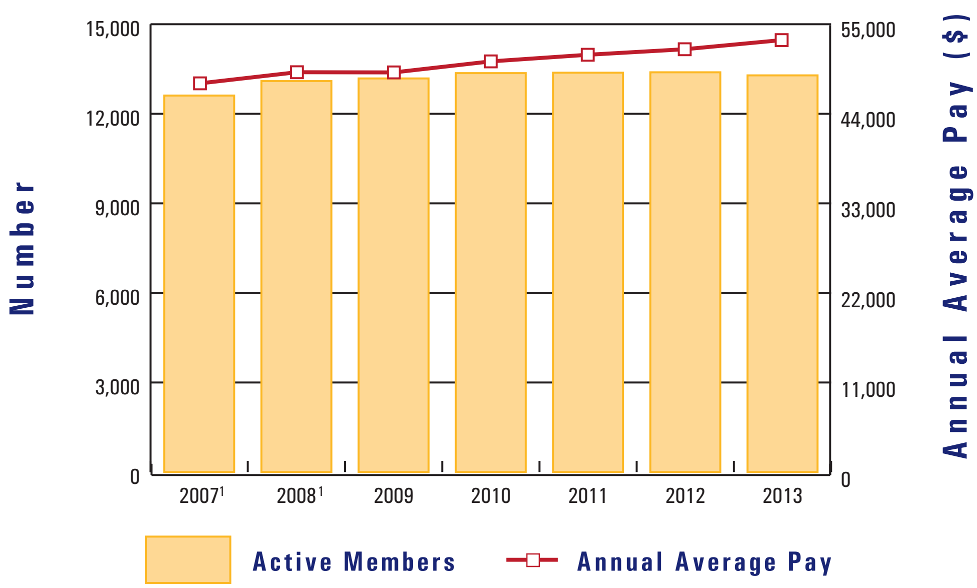
Schedule of Active Members Valuation Data

(dollars in thousands – except annual average pay)

Fiscal Year Ended June 30	Active Members	Annual Payroll	Annual Average Pay	Annual Percent Increase / (Decrease) In Average Pay
2007[1]	12,611	$ 603,963	$ 47,892	3.5%
2008[1]	13,095	644,936	49,251	2.8
2009	13,184	649,018	49,228	-
2010	13,362	675,797	50,576	2.7
2011	13,376	687,342	51,386	1.6
2012	13,390	697,111	52,062	1.3
2013	13,287	706,603	53,180	2.1

[1]As of December 31 instead of June 30.

Total Number of Active Members Per Year and Annual Average Pay



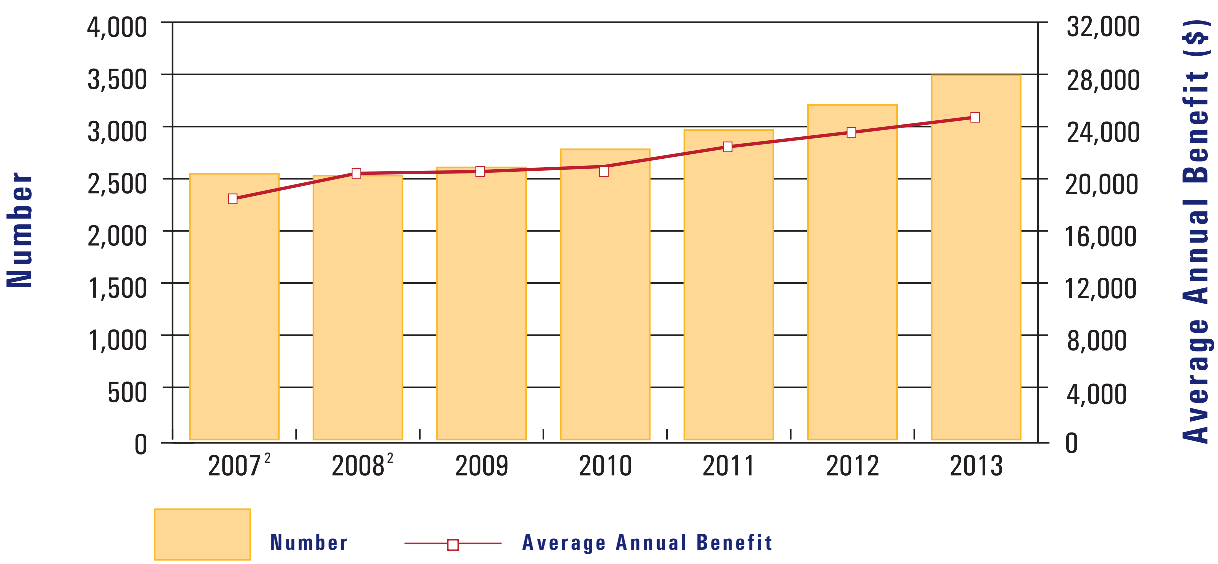
Schedule of Retirants and Beneficiaries

(dollars in thousands – except average annual benefit)

Fiscal Year Ended June 30	Added to Rolls: Number	Added to Rolls: Annual Benefits	Removed from Rolls: Number	Removed from Rolls: Annual Benefits	Rolls – End of Year: Number	Rolls – End of Year: Total Annual Benefits[1]	Percent Increase / (Decrease) in Total Annual Benefits	Average Annual Benefit[2]
2007[2]	333	$ 8,101	50	$ 886	2,548	$ 49,537	18.0%	$ 19,442
2008[2]	255	5,861	273	4,565	2,530	53,588	8.2	21,181
2009	102	2,571	24	479	2,608	55,564	3.7	21,305
2010	208	4,918	34	641	2,782	60,220	8.4	21,646
2011	218	6,179	34	609	2,966	68,179	13.2	22,987
2012	281	7,900	39	814	3,208	76,917	12.8	23,977
2013	326	10,098	43	845	3,491	87,301	13.5	25,008

[1]End of year annual benefits are not equal to prior end of year annual benefits plus additions less removals due to beneficiary benefit changes, data changes, and COLA increases.
[2]As of December 31 instead of June 30.

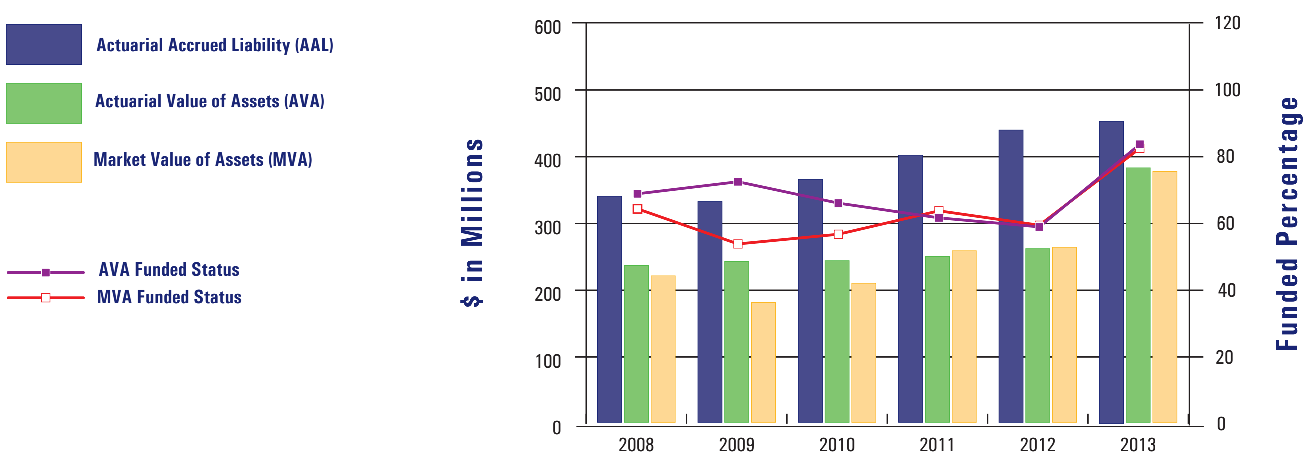
Total Number of Retirants and Beneficiaries Per Year and Average Annual Benefit



Changes in Plan Provisions

There were no changes in plan provisions that impacted the pension benefits during the fiscal year.

Historical Summary of Actuarial Valuation Results by Retirement Plan



(dollars in millions)	Fiscal Year Ended June 30					
	2008	2009	2010	2011	2012	2013
Actuarial Accrued Liability (AAL)	$ 338.8	$ 330.6	$ 364.1	$ 400.3	$ 437.9	$ 453.1
Actuarial Value of Assets (AVA)	$ 234.9	$ 241.0	$ 242.1	$ 248.6	$ 260.1	$ 381.2
Unfunded Liability (AAL - AVA)	**$ 103.9**	**$ 89.6**	**$ 122.0**	**$ 151.7**	**$ 177.8**	**$ 71.9**
AVA Funded Status (AVA / AAL)	**69.3%**	**72.9%**	**66.5%**	**62.1%**	**59.4%**	**84.1%**
Market Value of Assets (MVA)	$ 219.4	$ 179.4	$ 208.4	$ 257.0	$ 262.3	$ 375.8
MVA Funded Status (MVA / AAL)	64.8%	54.3%	57.2%	64.2%	59.9%	82.9%

INPRS
INDIANA PUBLIC RETIREMENT SYSTEM

Summary of Actuarial Assumptions and Methods as of June 30, 2013

The actuarial assumptions and methods used in the June 30, 2013 valuation of the Judges' Retirement System were adopted by the INPRS Board in February 2013. The majority of the actuarial assumptions and methods are based on plan experience from July 1, 2005 through June 30, 2010, which were adopted by the INPRS Board in September 2011, and were first used in the June 30, 2011 valuation. The interest rate / investment return and mortality assumptions were updated for the June 30, 2012 valuation.

Changes in Actuarial Assumptions

For the actuarial valuation as of June 30, 2013, the interest crediting rate assumption on member contribution balances was increased from 0.0 percent to 3.5 percent.

Changes in Actuarial Methods

For the actuarial valuation as of June 30, 2013, there were no changes to the actuarial methods from the actuarial valuation as of June 30, 2012.

Actuarial Assumptions

Economic Assumptions

Interest Rate / Investment Return:	6.75 percent (net of administrative and investment expenses)
Interest on Member Contributions:	3.5 percent per year
Cost of Living Increases:	4.0 percent per year in deferral and retirement
Future Salary Increases:	4.0 percent per year
Inflation:	3.0 percent per year

Demographic Assumptions

Mortality (Healthy and Disabled): 2013 IRS Static Mortality projected five (5) years with Scale AA

Retirement: Based on 2005-2010 experience. Rates shown below:

Age	Rate	Age	Rate
55-61	20%	65	50%
62	25	66-74	30
63	15	75+	100
64	10		

Termination: Based on 2005-2010 experience. Rates shown below:

Age	Rate
20-37	4%
38-65	7
66+	4

Summary of Actuarial Assumptions and Methods as of June 30, 2013, continued

Disability: 1964 OASDI Table. Illustrative rates shown below:

Age	Rate
20	0.060%
25	0.085
30	0.110
35	0.147
40	0.220
45	0.360
50	0.606
55	1.009
60	1.627
65+	0.000

Spouse/Beneficiary: 90 percent of members are assumed to be married or to have a dependent beneficiary. Male members are assumed to be four (4) years older than their spouses and female members are assumed to be two (2) years younger than their spouses.

Actuarial Methods

Actuarial Cost Method: Entry Age Normal – Level Percent of Payroll

The normal cost is calculated separately for each active member and is equal to the level percentage of payroll needed as an annual contribution from entry age to retirement age to fund projected benefits. The actuarial accrued liability on any valuation date is the accumulated value of such normal costs from entry age to the valuation date.

Gains and losses occurring from census experience different than assumed, assumption changes, and benefit changes are amortized over a 30-year period with level payments each year. A new gain or loss base is established each year based on the additional gain or loss during that year and that base is amortized over a new 30-year period. The purpose of the method is to give a smooth progression of the costs from year-to-year and, at the same time, provide for an orderly funding of the unfunded liabilities.

Asset Valuation Method: The Actuarial Value of Assets (AVA) is equal to a four-year smoothing of gains and losses on the Market Value of Assets (MVA), subject to a 20 percent corridor. Accordingly, the AVA is limited to no more than 20 percent greater than or 20 percent less than the MVA.

Analysis of Financial Experience

(dollars in thousands)

		UAAL
Unfunded Actuarial Accrued Liability (UAAL): June 30, 2012	**$**	**177,758**
UAAL (Gain) / Loss		
Actuarial Value of Assets Experience		6,315
Actuarial Accrued Liabilities Experience[1]		(13,483)
Amortization of Existing Bases[2]		(98,906)
Actuarial Assumption & Methodology Changes[3]		186
Plan Provision Changes		-
Unfunded Actuarial Accrued Liability (UAAL): June 30, 2013	**$**	**71,870**

[1]Actuarial Accrued Liabilities Experience includes a gain of approximately $3,810 thousand for a COLA of 3.1 percent effective July 1, 2013, rather than the assumed COLA of 4.0 percent.
[2]Includes a State appropriation of $90,187 thousand received during FY2013 in accordance with Legislation passed in March 2012.
[3]Actuarial assumption change that increases the interest crediting rate on member contribution balances from 0.0 percent to 3.5 percent.

Solvency Test

(dollars in thousands)

Fiscal Year Ended June 30	Actuarial Accrued Liabilities: Active Member Contributions	Actuarial Accrued Liabilities: Retirees and Beneficiaries	Actuarial Accrued Liabilities: Active Member (Employer Financed Portion)	Actuarial Accrued Liabilities: Total Actuarial Accrued Liabilities	Actuarial Value of Assets	Portion of Actuarial Accrued Liabilities Covered by Assets: Active Member Contributions	Portion of Actuarial Accrued Liabilities Covered by Assets: Retirees and Beneficiaries	Portion of Actuarial Accrued Liabilities Covered by Assets: Active Member (Employer Financed Portion)	Portion of Actuarial Accrued Liabilities Covered by Assets: Total Actuarial Accrued Liabilities
2008	$ 22,243	$ 155,177	$ 161,329	$ 338,749	$ 234,881	100.0%	100.0%	35.6%	69.3%
2009	21,649	170,962	137,940	330,551	240,954	100.0	100.0	35.0	72.9
2010	23,138	182,023	158,962	364,123	242,143	100.0	100.0	23.3	66.5
2011	24,359	198,797	177,118	400,274	248,623	100.0	100.0	14.4	62.1
2012	27,699	205,341	204,814	437,854	260,096	100.0	100.0	13.2	59.4
2013[1]	29,060	224,132	199,918	453,110	381,240	100.0	100.0	64.1	84.1

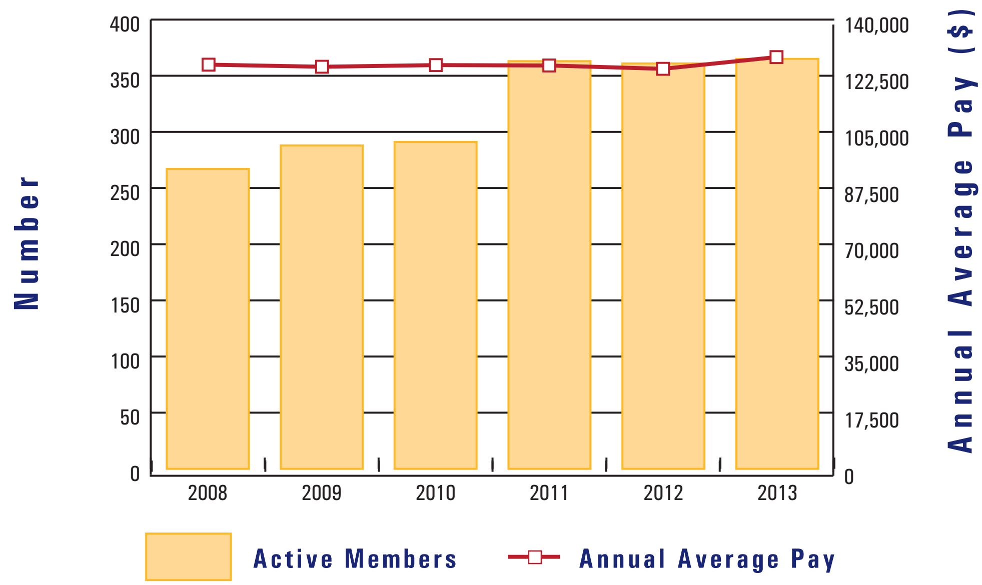
[1]In accordance with Legislation passed during March 2012, the State appropriated $90,187 thousand during FY2013 to reach a funded status of 80.0 percent based on the actuarial valuation as of June 30, 2012.

Schedule of Active Members Valuation Data

(dollars in thousands – except annual average pay)

Fiscal Year Ended June 30	Active Members	Annual Payroll	Annual Average Pay	Annual Percent Increase / (Decrease) In Average Pay
2008	267	$ 33,729	$ 126,327	9.7 %
2009	288	36,196	125,680	(0.5)
2010	291	36,722	126,192	0.4
2011	363	45,764	126,072	(0.1)
2012	361	45,138	125,036	(0.8)
2013	365	46,967	128,676	2.9

Total Number of Active Members Per Year and Annual Average Pay



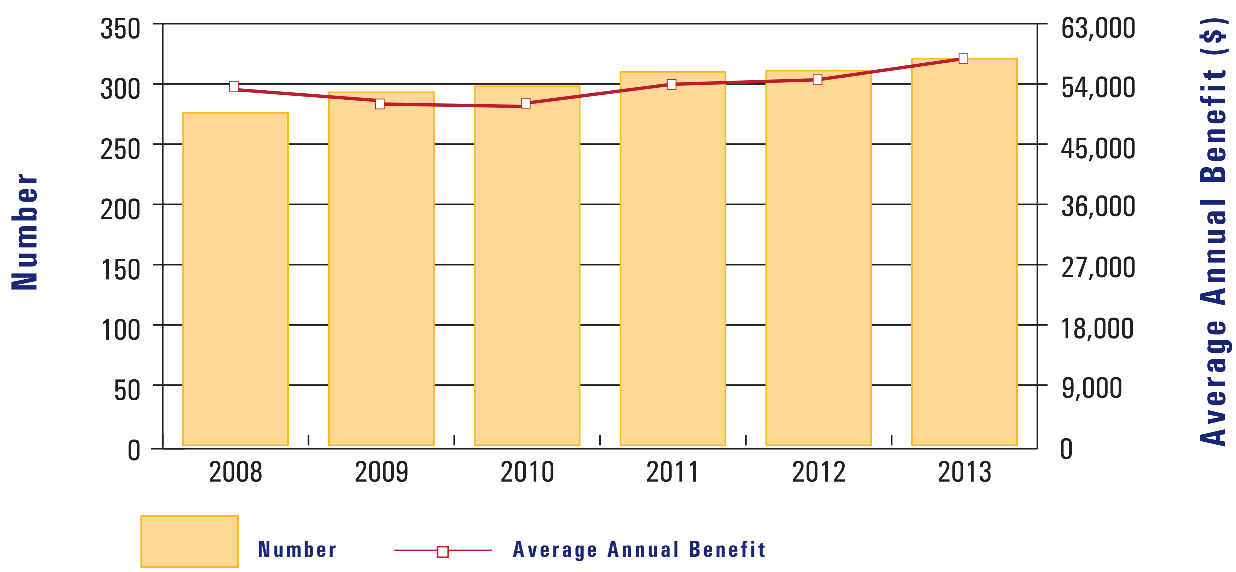
Schedule of Retirants and Beneficiaries

(dollars in thousands – except average annual benefit)

Fiscal Year Ended June 30	Added to Rolls Number	Added to Rolls Annual Benefits	Removed from Rolls Number	Removed from Rolls Annual Benefits	Rolls – End of Year Number	Rolls – End of Year Total Annual Benefits[1]	Percent Increase / (Decrease) in Total Annual Benefits	Average Annual Benefit[2]
2008	23	$ 1,257	26	$ 991	276	$ 14,754	6.1%	$ 53,455
2009	74	3,744	57	1,835	293	15,230	3.2	51,978
2010	11	627	6	339	298	15,390	1.1	51,644
2011	21	1,452	9	200	310	16,787	9.1	54,152
2012	7	444	6	194	311	17,028	1.4	54,751
2013	24	1,798	14	442	321	18,474	8.5	57,551

[1]End of year annual benefits are not equal to prior end of year annual benefits plus additions less removals due to beneficiary benefit changes, data changes, and COLA increases.

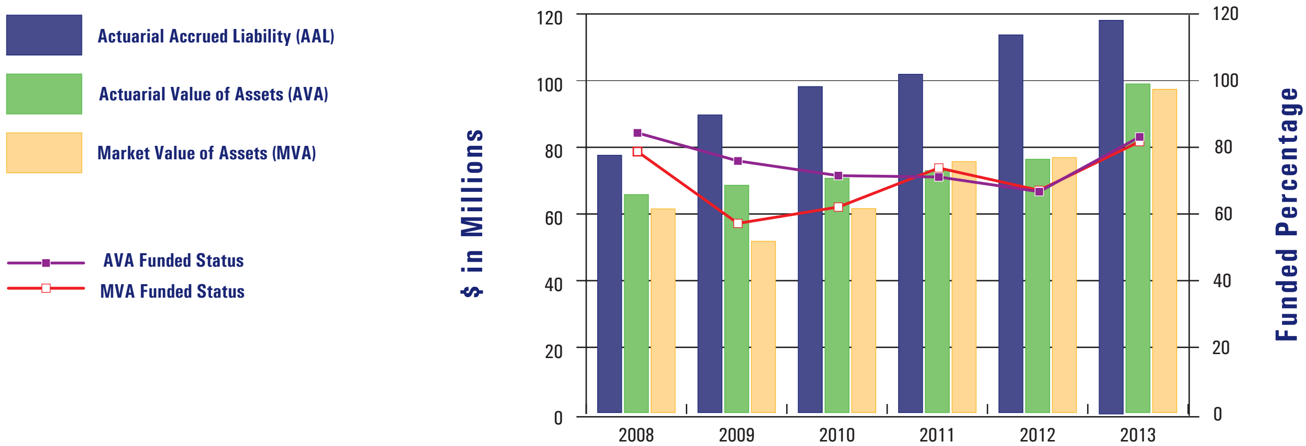
Total Number of Retirants and Beneficiaries Per Year and Average Annual Benefit



Changes in Plan Provisions

There were no changes in plan provisions that impacted the pension benefits during the fiscal year.

Historical Summary of Actuarial Valuation Results by Retirement Plan



(dollars in millions)

	Fiscal Year Ended June 30					
	2008	2009	2010	2011	2012	2013
Actuarial Accrued Liability (AAL)	$ 77.2	$ 89.3	$ 97.8	$ 101.5	$ 113.3	$ 118.1
Actuarial Value of Assets (AVA)	$ 65.4	$ 68.2	$ 70.3	$ 72.6	$ 76.0	$ 98.6
Unfunded Liability (AAL - AVA)	**$ 11.8**	**$ 21.1**	**$ 27.5**	**$ 28.9**	**$ 37.3**	**$ 19.5**
AVA Funded Status (AVA / AAL)	**84.7%**	**76.3%**	**71.9%**	**71.5%**	**67.1%**	**83.5%**
Market Value of Assets (MVA)	$ 61.1	$ 51.4	$ 61.2	$ 75.3	$ 76.5	$ 97.0
MVA Funded Status (MVA / AAL)	79.1%	57.6%	62.5%	74.2%	67.5%	82.1%

Summary of Actuarial Assumptions and Methods as of June 30, 2013

The actuarial assumptions and methods used in the June 30, 2013 valuation of the State Excise Police, Gaming Agent, Gaming Control Officer, and Conservation Enforcement Officers' Retirement Plan were adopted by the INPRS Board in February 2013. The majority of the actuarial assumptions and methods are based on plan experience from July 1, 2005 through June 30, 2010, which were adopted by the INPRS Board in September 2011, and were first used in the June 30, 2011 valuation. The interest rate / investment return and mortality assumptions were updated for the June 30, 2012 valuation.

Changes in Actuarial Assumptions

For the actuarial valuation as of June 30, 2013, the interest crediting rate assumption on member contribution balances was lowered from 6.75 percent to 3.5 percent.

Changes in Actuarial Methods

For the actuarial valuation as of June 30, 2013, there were no changes to the actuarial methods from the actuarial valuation as of June 30, 2012.

Actuarial Assumptions

Economic Assumptions

Interest Rate / Investment Return: 6.75 percent (net of administrative and investment expenses)

Interest on Member Contributions: 3.5 percent per year

Cost of Living Increases: 1.0 percent per year in retirement

Future Salary Increases: 3.25 percent per year

Inflation: 3.0 percent per year

Demographic Assumptions

Mortality (Healthy and Disabled): 2013 IRS Static Mortality projected five (5) years with Scale AA

Retirement: Based on 2005-2010 experience. Illustrative rates shown below:

Age	Rate	Age	Rate
45	3%	54	4%
46-49	2	55-59	15
50	3	60-64	20
51-52	2	65+	100
53	3		

Summary of Actuarial Assumptions and Methods as of June 30, 2013, continued

Termination: Sarason T-1 Table. Illustrative rates shown below:

Age	Rate
20	5.4384%
25	4.8948
30	3.7020
35	2.3492
40	1.1283
45	0.2653
50+	0.0000

Disability: 150 percent of 1964 OASDI Table. Illustrative rates shown below:

Age	Rate
20	0.0900%
25	0.1275
30	0.1650
35	0.2205
40	0.3300
45	0.5400
50	0.9090
55	1.5135
60	2.4405
65+	0.0000

Spouse/Beneficiary: 100 percent of members are assumed to be married or to have a dependent beneficiary. Males are assumed to be five (5) years older than females.

Actuarial Methods

Actuarial Cost Method: Entry Age Normal – Level Percent of Payroll

The normal cost is calculated separately for each active member and is equal to the level percentage of payroll needed as an annual contribution from entry age to retirement age to fund projected benefits. The actuarial accrued liability on any valuation date is the accumulated value of such normal costs from entry age to the valuation date.

Gains and losses occurring from census experience different than assumed, assumption changes, and benefit changes are amortized over a 30-year period with level payments each year. A new gain or loss base is established each year based on the additional gain or loss during that year and that base is amortized over a new 30-year period. The purpose of the method is to give a smooth progression of the costs from year-to-year and, at the same time, provide for an orderly funding of the unfunded liabilities.

Asset Valuation Method: The Actuarial Value of Assets (AVA) is equal to a four-year smoothing of gains and losses on the Market Value of Assets (MVA), subject to a 20 percent corridor. Accordingly, the AVA is limited to no more than 20 percent greater than or 20 percent less than the MVA.

Analysis of Financial Experience

(dollars in thousands)

		UAAL
Unfunded Actuarial Accrued Liability (UAAL): June 30, 2012	**$**	**37,276**
UAAL (Gain) / Loss		
Actuarial Value of Assets Experience		239
Actuarial Accrued Liabilities Experience[1]		(1,845)
Amortization of Existing Bases[2]		(16,140)
Actuarial Assumption & Methodology Changes[3]		(41)
Plan Provision Changes		-
Unfunded Actuarial Accrued Liability (UAAL): June 30, 2013	**$**	**19,489**

[1]Actuarial Accrued Liabilities Experience includes a gain of approximately $502 thousand for retired members being provided a one-time (13th check) in September 2013, rather than a 1.0 percent COLA on January 1, 2014.

[2]Includes a State appropriation of $14,619 thousand received during FY2013 in accordance with Legislation passed in March 2012.

[3]Actuarial assumption change that reduces the interest crediting rate on member contribution balances from 6.75 percent to 3.5 percent.

Solvency Test

(dollars in thousands)

Fiscal Year Ended June 30	Actuarial Accrued Liabilities: Active Member Contributions	Retirees and Beneficiaries	Active Member (Employer Financed Portion)	Total Actuarial Accrued Liabilities	Actuarial Value of Assets	Portion of Actuarial Accrued Liabilities Covered by Assets: Active Member Contributions	Retirees and Beneficiaries	Active Member (Employer Financed Portion)	Total Actuarial Accrued Liabilities
2008	$ 4,314	$ 28,902	$ 43,961	$ 77,177	$ 65,375	100.0%	100.0%	73.2%	84.7%
2009	5,274	35,039	48,983	89,296	68,170	100.0	100.0	56.9	76.3
2010	6,220	36,044	55,598	97,862	70,327	100.0	100.0	50.5	71.9
2011	6,271	46,695	48,568	101,534	72,599	100.0	100.0	40.4	71.5
2012	6,532	53,929	52,822	113,283	76,007	100.0	100.0	29.4	67.1
2013[1]	7,494	56,028	54,575	118,097	98,608	100.0	100.0	64.3	83.5

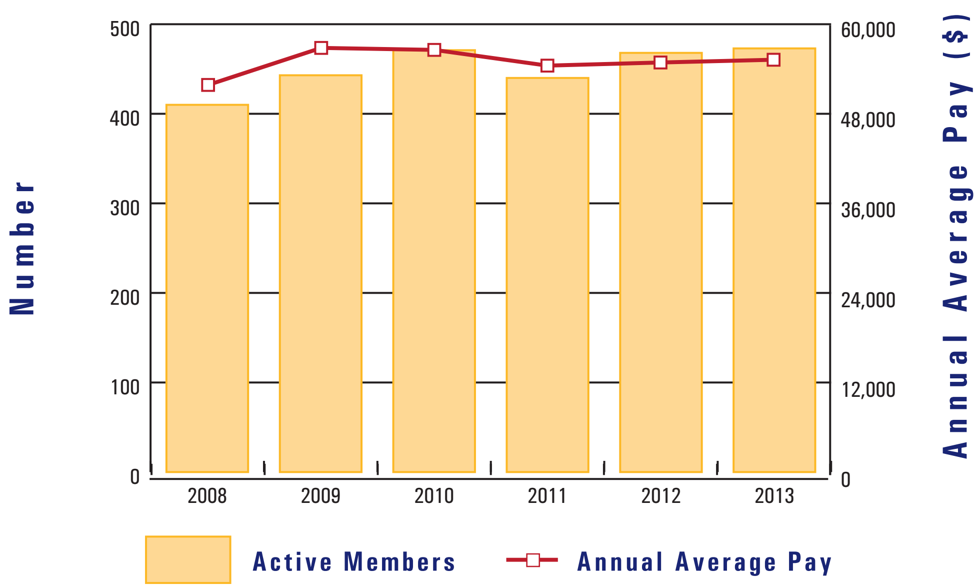
[1]In accordance with Legislation passed during March 2012, the State appropriated $14,619 thousand during FY2013 to reach a funded status of 80.0 percent based on the actuarial valuation as of June 30, 2012.

Schedule of Active Members Valuation Data

(dollars in thousands – except annual average pay)

Fiscal Year Ended June 30	Active Members	Annual Payroll	Annual Average Pay	Annual Percent Increase / (Decrease) In Average Pay
2008	410	$ 21,333	$ 52,033	1.0 %
2009	443	25,238	56,971	9.5
2010	471	26,709	56,707	(0.5)
2011	440	24,028	54,609	(3.7)
2012	468	25,752	55,026	0.8
2013	473	26,201	55,393	0.7

Total Number of Active Members Per Year and Annual Average Pay



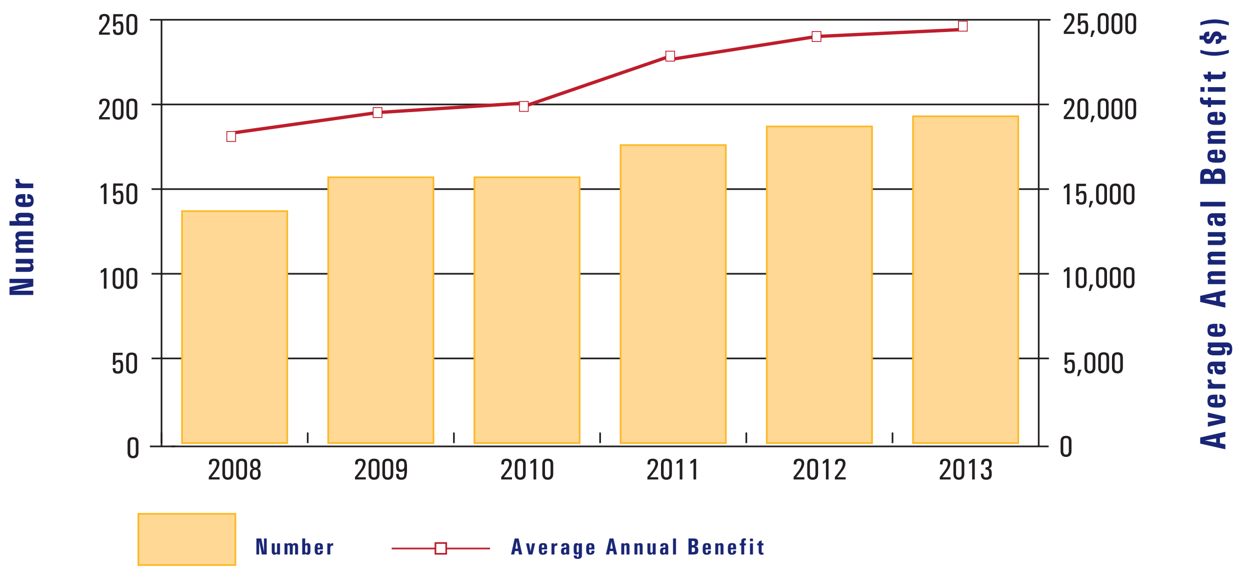
Schedule of Retirants and Beneficiaries

(dollars in thousands – except average annual benefit)

Fiscal Year Ended June 30	Added to Rolls Number	Added to Rolls Annual Benefits	Removed from Rolls Number	Removed from Rolls Annual Benefits	Rolls – End of Year Number	Rolls – End of Year Total Annual Benefits[1]	Percent Increase / (Decrease) in Total Annual Benefits	Average Annual Benefit[2]
2008	9	$ 302	12	$ 119	137	$ 2,518	15.8%	$ 18,382
2009	59	748	39	258	157	3,056	21.3	19,465
2010	6	136	6	49	157	3,134	2.6	19,962
2011	22	902	3	23	176	3,978	26.9	22,602
2012	14	495	3	14	187	4,452	11.9	23,810
2013	8	253	2	9	193	4,666	4.8	24,177

[1]End of year annual benefits are not equal to prior end of year annual benefits plus additions less removals due to beneficiary benefit changes, data changes, and COLA increases.

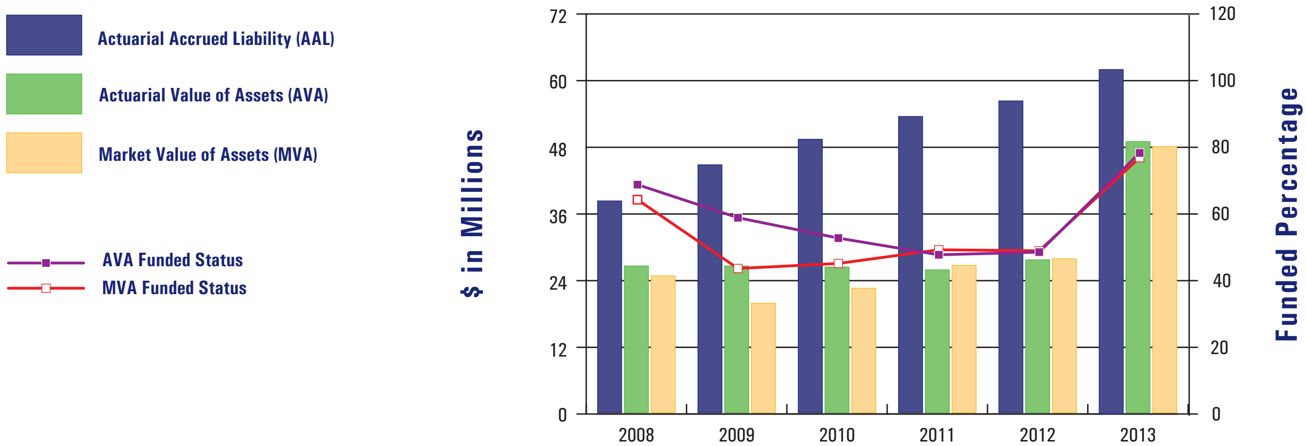
Total Number of Retirants and Beneficiaries Per Year and Average Annual Benefit



Changes in Plan Provisions

There were no changes in plan provisions that impacted the pension benefits during the fiscal year.

Historical Summary of Actuarial Valuation Results by Retirement Plan



(dollars in millions)

	Fiscal Year Ended June 30					
	2008	2009	2010	2011	2012	2013
Actuarial Accrued Liability (AAL)	$ 38.1	$ 44.6	$ 49.2	$ 53.3	$ 56.1	$ 62.0
Actuarial Value of Assets (AVA)	$ 26.4	$ 26.4	$ 26.2	$ 25.7	$ 27.5	$ 48.8
Unfunded Liability (AAL - AVA)	**$ 11.7**	**$ 18.2**	**$ 23.0**	**$ 27.6**	**$ 28.6**	**$ 13.2**
AVA Funded Status (AVA / AAL)	**69.2%**	**59.3%**	**53.2%**	**48.2%**	**49.0%**	**78.7%**
Market Value of Assets (MVA)	$ 24.6	$ 19.7	$ 22.4	$ 26.5	$ 27.7	$ 47.9
MVA Funded Status (MVA / AAL)	64.7%	44.1%	45.6%	49.7%	49.4%	77.3%

Summary of Actuarial Assumptions and Methods as of June 30, 2013

The actuarial assumptions and methods used in the June 30, 2013 valuation of the Prosecuting Attorneys' Retirement Fund were adopted by the INPRS Board in February 2013. The majority of the actuarial assumptions and methods are based on plan experience from July 1, 2005 through June 30, 2010, which were adopted by the INPRS Board in September 2011, and were first used in the June 30, 2011 valuation. The interest rate / investment return and mortality assumptions were updated for the June 30, 2012 valuation.

Changes in Actuarial Assumptions

For the actuarial valuation as of June 30, 2013, the interest crediting rate assumption on member contribution balances was lowered from 5.5 percent to 3.5 percent. In addition, the retirement assumption was changed to reflect retirement as early as age 55 under the "Rule of 85", in accordance with legislation passed in March 2013.

Changes in Actuarial Methods

For the actuarial valuation as of June 30, 2013, there were no changes to the actuarial methods from the actuarial valuation as of June 30, 2012.

Actuarial Assumptions

Economic Assumptions

Interest Rate / Investment Return:	6.75 percent (net of administrative and investment expenses)
Interest on Member Contributions:	3.5 percent per year
Cost of Living Increases:	N/A
Future Salary Increases:	4.0 percent per year
Inflation:	3.0 percent per year

Demographic Assumptions

Mortality (Healthy and Disabled):	2013 IRS Static Mortality projected five (5) years with Scale AA
Retirement:	Based on 2005-2010 experience. Rates shown below:

Age	Rate (Less Than 85 Points)	Rate (85 Points Or More)
55-61	0%	20%
62	20	20
63	20	20
64	20	20
65	100	100

Termination:	10 percent per year for all members prior to retirement eligibility.

Summary of Actuarial Assumptions and Methods
as of June 30, 2013, continued

Disability: Illustrative rates shown below:

Age	Male	Female
20	0.0067%	0.0050%
30	0.0208	0.0158
40	0.0646	0.0496
50	0.2005	0.1556
60	0.6220	0.4881
70	0.1000	0.1000
71+	0.0000	0.0000

Spouse/Beneficiary: 90 percent of participants are assumed either to be married or to have a dependent beneficiary.

Males are assumed to be three (3) years older than their spouses.

Actuarial Methods

Actuarial Cost Method: Entry Age Normal – Level Percent of Payroll

The normal cost is calculated separately for each active member and is equal to the level percentage of payroll needed as an annual contribution from entry age to retirement age to fund projected benefits. The actuarial accrued liability on any valuation date is the accumulated value of such normal costs from entry age to the valuation date.

Gains and losses occurring from census experience different than assumed, assumption changes, and benefit changes are amortized over a 30-year period with level payments each year. A new gain or loss base is established each year based on the additional gain or loss during that year and that base is amortized over a new 30-year period. The purpose of the method is to give a smooth progression of the costs from year-to-year and, at the same time, provide for an orderly funding of the unfunded liabilities.

Asset Valuation Method: The Actuarial Value of Assets (AVA) is equal to a four-year smoothing of gains and losses on the Market Value of Assets (MVA), subject to a 20 percent corridor. Accordingly, the AVA is limited to no more than 20 percent greater than or 20 percent less than the MVA.

Analysis of Financial Experience

(dollars in thousands)

		UAAL
Unfunded Actuarial Accrued Liability (UAAL): June 30, 2012	**$**	**28,579**
UAAL (Gain) / Loss		
Actuarial Value of Assets Experience		845
Actuarial Accrued Liabilities Experience		1,474
Amortization of Existing Bases[1]		(18,958)
Actuarial Assumption & Methodology Changes[2]		(108)
Plan Provision Changes[3]		1,346
Unfunded Actuarial Accrued Liability (UAAL): June 30, 2013	**$**	**13,178**

[1]Includes a State appropriation of $17,363 thousand received during FY2013 in accordance with Legislation passed in March 2012.
[2]Actuarial assumption change that reduces the interest crediting rate on member contribution balances from 5.5 percent to 3.5 percent.
[3]In accordance with Legislation passed during March 2013, several features of the Plan were amended to be similar to the Judges' Retirement System (refer to the Changes in Plan Provisions schedule for PARF).

Solvency Test

(dollars in thousands)

Fiscal Year Ended June 30	Actuarial Accrued Liabilities					Portion of Actuarial Accrued Liabilities Covered by Assets			
	Active Member Contributions	Retirees and Beneficiaries	Active Member (Employer Financed Portion)	Total Actuarial Accrued Liabilities	Actuarial Value of Assets	Active Member Contributions	Retirees and Beneficiaries	Active Member (Employer Financed Portion)	Total Actuarial Accrued Liabilities
2008	$ 17,428	$ 5,173	$ 15,468	$ 38,069	$ 26,350	100.0%	100.0%	24.2%	69.2%
2009	19,239	10,384	15,009	44,632	26,467	100.0	69.6	0.0	59.3
2010	20,999	12,557	15,618	49,174	26,166	100.0	41.1	0.0	53.2
2011	21,592	16,806	14,854	53,252	25,651	100.0	24.2	0.0	48.2
2012	23,406	18,660	14,014	56,080	27,501	100.0	21.9	0.0	49.0
2013[1]	25,371	22,004	14,565	61,940	48,762	100.0	100.0	9.5	78.7

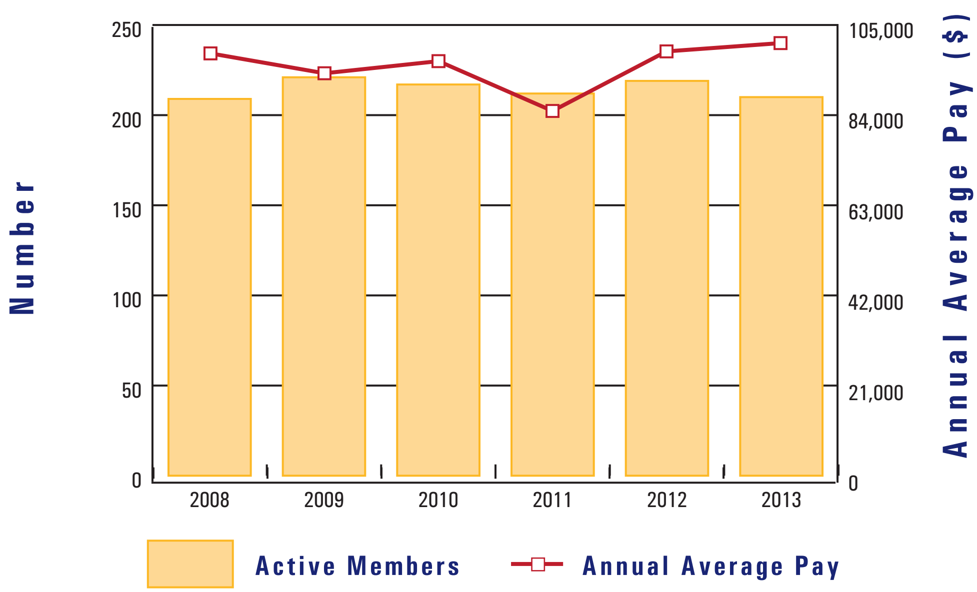
[1]In accordance with Legislation passed during March 2012, the State appropriated $17,363 thousand during FY2013 to reach a funded status of 80.0 percent based on the actuarial valuation as of June 30, 2012.

Schedule of Active Members Valuation Data

(dollars in thousands – except annual average pay)

Fiscal Year Ended June 30	Active Members	Annual Payroll	Annual Average Pay	Annual Percent Increase / (Decrease) In Average Pay
2008	209	$ 20,617	$ 98,646	12.3 %
2009	221	20,782	94,037	(4.7)
2010	217	21,016	96,848	3.0
2011	212	18,082	85,292	(11.9)
2012	219	21,705	99,110	16.2
2013	210	21,217	101,033	1.9

Total Number of Active Members Per Year and Annual Average Pay

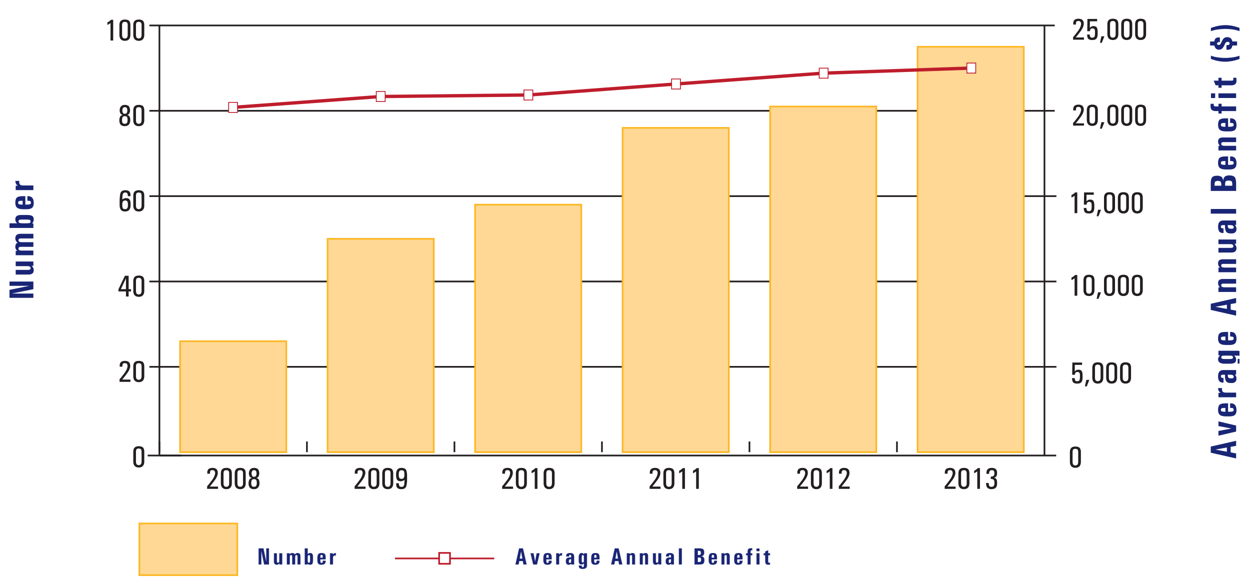


(dollars in thousands – except average annual benefit)

Fiscal Year Ended June 30	Added to Rolls Number	Added to Rolls Annual Benefits	Removed from Rolls Number	Removed from Rolls Annual Benefits	Rolls – End of Year Number	Rolls – End of Year Total Annual Benefits[1]	Percent Increase / (Decrease) in Total Annual Benefits	Average Annual Benefit[2]
2008	7	$ 207	1	$ 14	26	$ 522	54.3%	$ 20,068
2009	26	536	2	26	50	1,032	97.8	20,636
2010	9	187	1	16	58	1,201	16.4	20,715
2011	19	473	1	16	76	1,618	34.7	21,288
2012	6	178	1	27	81	1,770	9.4	21,853
2013	15	362	1	27	95	2,101	18.7	22,118

[1]End of year annual benefits are not equal to prior end of year annual benefits plus additions less removals due to beneficiary benefit changes and data changes.

Total Number of Retirants and Beneficiaries Per Year and Average Annual Benefit

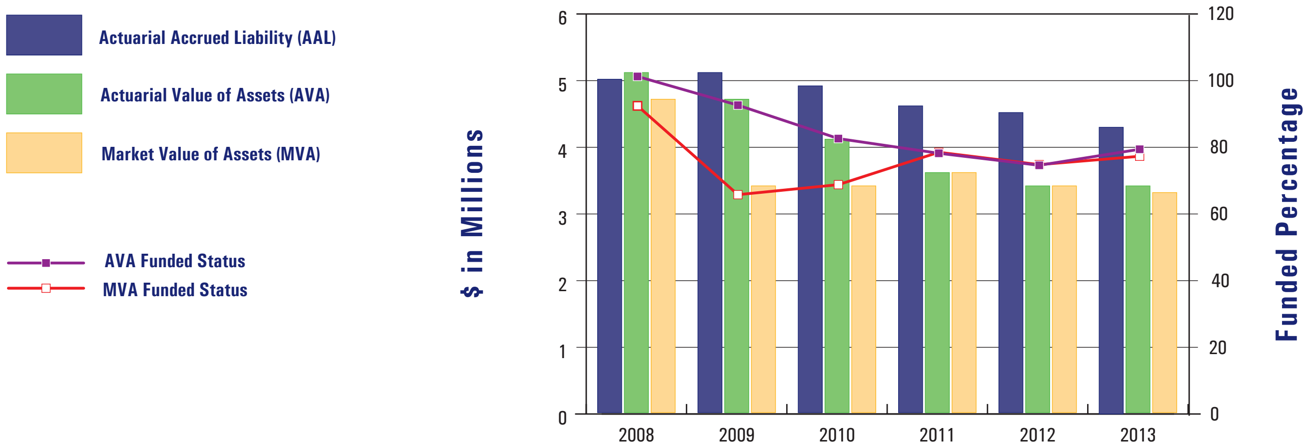


Changes in Plan Provisions

For the June 30, 2013 valuation, the following plan provision changes were made pursuant to 2013 House Bill 1057:

- Active members will be required to contribute 6 percent of pay to the Fund for only the first 22 years of service, rather than all years of service. In addition, the State may elect to "pick up" member contributions under IRC Section 414(h), which was not previously allowable.
- Withdrawn members can reinstate prior service by repaying their withdrawn funds with interest.
- Members are entitled to normal (unreduced) retirement benefits upon attainment of 65 years of age with eight (8) years of service, or at 55 years of age with 85 points (age + service), rather than only at 65 years of age with eight (8) years of service.
- Members may designate surviving dependent children to receive payments upon their death with different benefits being provided to surviving spouses and children. Previously, only surviving spouses could receive benefits upon the death of a member. Dependent children payments cease at age 18. The total benefits to be paid out is equal to the same 50 percent benefit that would be payable to the surviving spouse.
- The minimum annual death benefit payable to a beneficiary is increased from $7,000 to $12,000. This change does not apply to current surviving spouses.
- No reduction is applied in the case of pre-retirement death. Previously, benefits were reduced 0.25 percent for each month that commencement preceded age 65 in the case of death.
- The service requirement for receiving disability benefits is reduced from five (5) years to 0 years.
- The benefit percentage for disability is increased to 50 percent for 0 - 12 years of service, increasing 1 percent per year starting at 12 years of service up to 60 percent at 22 or more years of service.

Historical Summary of Actuarial Valuation Results by Retirement Plan



(dollars in millions)	Fiscal Year Ended June 30					
	2008	2009	2010	2011	2012	2013
Actuarial Accrued Liability (AAL)	$ 5.0	$ 5.1	$ 4.9	$ 4.6	$ 4.5	$ 4.3
Actuarial Value of Assets (AVA)	$ 5.1	$ 4.7	$ 4.1	$ 3.6	$ 3.4	$ 3.4
Unfunded Liability (AAL - AVA)	**$ (0.1)**	**$ 0.4**	**$ 0.8**	**$ 1.0**	**$ 1.1**	**$ 0.9**
AVA Funded Status (AVA / AAL)	**101.6 %**	**93.0%**	**83.0%**	**78.6%**	**75.0%**	**79.8%**
Market Value of Assets (MVA)	$ 4.7	$ 3.4	$ 3.4	$ 3.6	$ 3.4	$ 3.3
MVA Funded Status (MVA / AAL)	92.8 %	66.2%	69.2%	78.9%	75.2%	77.7%

Summary of Actuarial Assumptions and Methods as of June 30, 2013

The actuarial assumptions and methods used in the June 30, 2013 valuation of the Legislators' Defined Benefit Plan were adopted by the INPRS Board in February 2013. The majority of the actuarial assumptions and methods are based on plan experience from July 1, 2005 through June 30, 2010, which were adopted by the INPRS Board in September 2011, and were first used in the June 30, 2011 valuation. The interest rate / investment return and mortality assumptions were updated for the June 30, 2012 valuation.

Changes in Actuarial Assumptions

For the actuarial valuation as of June 30, 2013, there were no changes to the actuarial assumptions from the actuarial valuation as of June 30, 2012.

Changes in Actuarial Methods

For the actuarial valuation as of June 30, 2013, there were no changes to the actuarial methods from the actuarial valuation as of June 30, 2012.

Actuarial Assumptions

Economic Assumptions

Interest Rate / Investment Return: 6.75 percent (net of administrative and investment expenses)

Cost of Living Increases: 1.0 percent per year in retirement

Future Salary Increases: 3.0 percent per year

Inflation: 3.0 percent per year

Demographic Assumptions

Mortality (Healthy and Disabled): 2013 IRS Static Mortality projected five (5) years with Scale AA

Retirement: Retirement rates based on actual experience of current retirees. Illustrative rates shown below:

Age	Rate
55	10%
56-57	8
58-61	2
62-64	5
65+	100

Termination: Sarason T-2 Tables. Illustrative rates shown below:

Age	Rate
20	5.4384%
25	5.2917
30	5.0672
35	4.6984
40	3.5035
45	1.7686
50	0.4048
55+	0.0000

Summary of Actuarial Assumptions and Methods as of June 30, 2013, continued

Disability: 75 percent of 1964 OASDI Tables. Illustrative rates shown below:

Age	Rate
20	0.045%
25	0.064
30	0.083
35	0.111
40	0.165
45	0.270
50	0.454
55	0.757
60	1.220
65+	0.000

Spouse/Beneficiary: 90 percent of members are assumed to be married or to have a dependent beneficiary. Males are assumed to be three (3) years older than females.

Actuarial Methods

Actuarial Cost Method: Traditional Unit Credit

The normal cost is calculated separately for each active member and is equal to the actuarial present value of additional benefits to be accrued during the year following the valuation date. The actuarial accrued liability on any valuation date is the actuarial present value of the benefits earned for service prior to the valuation date.

Gains and losses occurring from census experience different than assumed, assumption changes, and benefit changes are amortized over a 30-year period with level payments each year. A new gain or loss base is established each year based on the additional gain or loss during that year and that base is amortized over a new 30-year period. The purpose of the method is to give a smooth progression of the costs from year-to-year and, at the same time, provide for an orderly funding of the unfunded liabilities.

Asset Valuation Method: The Actuarial Value of Assets (AVA) is equal to a four-year smoothing of gains and losses on the Market Value of Assets (MVA), subject to a 20 percent corridor. Accordingly, the AVA is limited to no more than 20 percent greater than or 20 percent less than the MVA.

Analysis of Financial Experience

(dollars in thousands)

		UAAL
Unfunded Actuarial Accrued Liability (UAAL): June 30, 2012	**$**	**1,126**
UAAL (Gain) / Loss		
Actuarial Value of Assets Experience		(93)
Actuarial Accrued Liabilities Experience[1]		(134)
Amortization of Existing Bases		(32)
Actuarial Assumption & Methodology Changes		-
Plan Provision Changes		-
Unfunded Actuarial Accrued Liability (UAAL): June 30, 2013	**$**	**867**

[1]Actuarial Accrued Liabilities Experience includes a gain of approximately $36 thousand since a COLA was not granted to retired members as of January 1, 2014, rather than the 1.0 percent COLA assumption.

Solvency Test

(dollars in thousands)

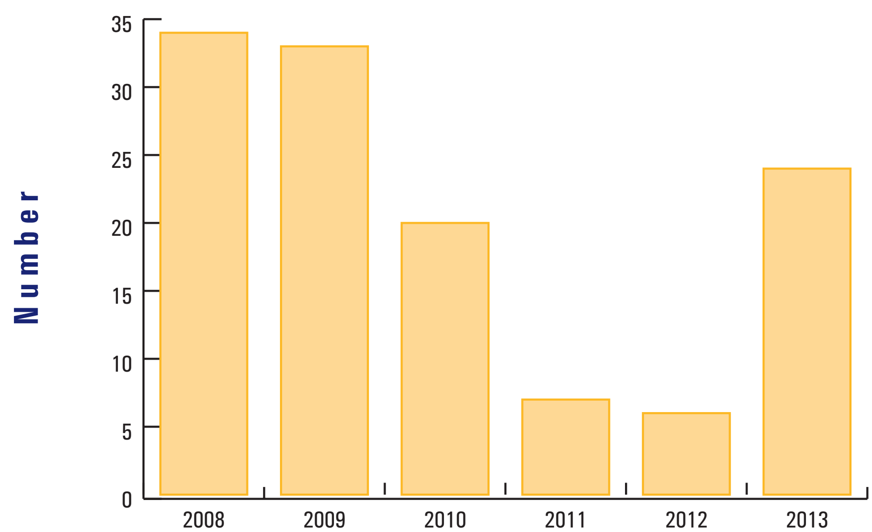
Fiscal Year Ended June 30	Actuarial Accrued Liabilities: Active Member Contributions	Actuarial Accrued Liabilities: Retirees and Beneficiaries	Actuarial Accrued Liabilities: Active Member (Employer Financed Portion)	Actuarial Accrued Liabilities: Total Actuarial Accrued Liabilities	Actuarial Value of Assets	Portion of Actuarial Accrued Liabilities Covered by Assets: Active Member Contributions	Portion Covered: Retirees and Beneficiaries	Portion Covered: Active Member (Employer Financed Portion)	Portion Covered: Total Actuarial Accrued Liabilities
2008	$ -	$ 2,258	$ 2,781	$ 5,039	$ 5,120	N/A	100.0%	100.0%	101.6%
2009	-	3,147	1,940	5,087	4,730	N/A	100.0	81.6	93.0
2010	-	3,017	1,892	4,909	4,075	N/A	100.0	55.9	83.0
2011	-	3,037	1,584	4,621	3,634	N/A	100.0	37.7	78.6
2012	-	3,031	1,472	4,503	3,377	N/A	100.0	23.5	75.0
2013	-	3,192	1,103	4,295	3,428	N/A	100.0	21.4	79.8

Schedule of Active Members Valuation Data

(dollars in thousands – except annual average pay)

Fiscal Year Ended June 30	Active Members	Annual Payroll	Annual Average Pay	Annual Percent Increase / (Decrease) In Average Pay
2008	34	N/A	N/A	N/A
2009	33	N/A	N/A	N/A
2010	20	N/A	N/A	N/A
2011	7	N/A	N/A	N/A
2012	6	N/A	N/A	N/A
2013	24	N/A	N/A	N/A

Total Number of Active Members Per Year

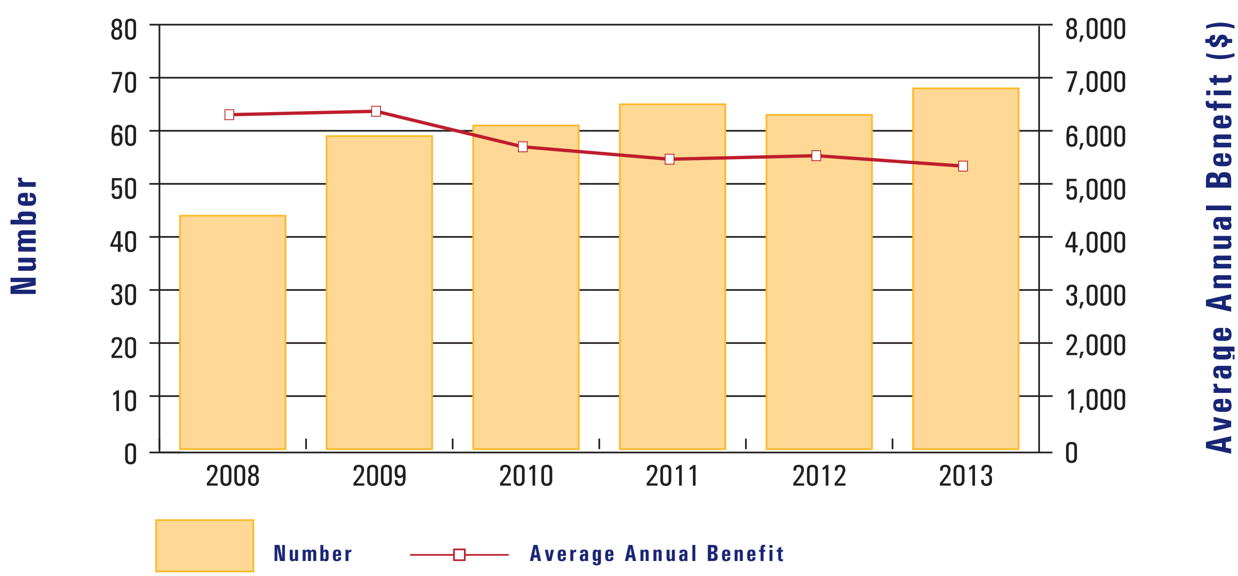


(dollars in thousands – except average annual benefit)

Fiscal Year Ended June 30	Added to Rolls Number	Added to Rolls Annual Benefits	Removed from Rolls Number	Removed from Rolls Annual Benefits	Rolls – End of Year Number	Rolls – End of Year Total Annual Benefits[1]	Percent Increase / (Decrease) in Total Annual Benefits	Average Annual Benefit[2]
2008	1	$ -	2	$ 10	44	$ 274	(3.4)%	$ 6,223
2009	17	88	2	2	59	371	35.3	6,281
2010	5	9	3	27	61	347	(6.5)	5,685
2011	4	22	-	-	65	356	2.6	5,477
2012	2	13	4	20	63	349	(2.0)	5,536
2013	9	41	4	26	68	364	4.3	5,362

[1]End of year annual benefits are not equal to prior end of year annual benefits plus additions less removals due to beneficiary benefit changes, data changes, and COLA increases.

Total Number of Retirants and Beneficiaries Per Year and Average Annual Benefit



Changes in Plan Provisions

There were no changes in plan provisions that impacted the pension benefits during the fiscal year.